

Calendar No. 517

103D CONGRESS
2D SESSION

S. 2281

[Report No. 103-307]

A BILL

To reduce homelessness, reform public housing, expand and preserve affordable housing, encourage homeownership, ensure fair housing for all, and empower communities, and for other purposes.

JULY 13 (legislative day, JULY 11), 1994

Read twice and placed on the calendar

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IN THE SENATE OF THE UNITED STATES

JULY 13 (legislative day, JULY 11), 1994

Mr. RIEGLE, from the Committee on Banking, Housing, and Urban Affairs, reported the following original bill; which was read twice and placed on the calendar

A BILL

To reduce homelessness, reform public housing, expand and preserve affordable housing, encourage homeownership, ensure fair housing for all, and empower communities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
 3 “Housing Choice and Community Investment Act of
 4 1994”.

5 (b) TABLE OF CONTENTS.—The table of contents for
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definition.

TITLE I—ASSISTANCE FOR THE HOMELESS

- Sec. 101. Short title.
- Sec. 102. Findings and purposes.
- Sec. 103. Definitions.
- Sec. 104. Authorizations.
- Sec. 105. Application.
- Sec. 106. Eligible activities.
- Sec. 107. Matching requirement and maintenance of effort.
- Sec. 108. Allocation and distribution of funds.
- Sec. 109. Administration of program.
- Sec. 110. Citizen participation.
- Sec. 111. Reports, reviews, and audits.
- Sec. 112. Nondiscrimination in programs and activities.
- Sec. 113. Consultation.
- Sec. 114. Records, reports, and audits.
- Sec. 115. Annual report to Congress.
- Sec. 116. Implementation.
- Sec. 117. Transition provisions.

TITLE II—PUBLIC AND INDIAN HOUSING

Subtitle A—Enhanced Flexibility for Public Housing Agencies

- Sec. 201. Public housing direct loans.
- Sec. 202. Use of modernization funds for replacement housing.
- Sec. 203. Use of public-private partnerships in modernizing public housing.
- Sec. 204. Report.
- Sec. 205. Modification of the early childhood development program.
- Sec. 206. Entrepreneurial PHAs and RMCs.
- Sec. 207. Disallowance of earned income for residents who obtain employment.
- Sec. 208. Ceiling rents based on reasonable rental value.
- Sec. 209. Authorization to sell public housing to nonprofit organizations.
- Sec. 210. Working families in public housing.

Subtitle B—Severely Distressed Public Housing Program

- Sec. 211. Revitalization of severely distressed public housing.
- Sec. 212. Modernization program reserve funds.
- Sec. 213. Eligibility of severely distressed public housing for public housing operating subsidies.

Subtitle C—Anti-Crime Initiatives

- Sec. 221. Community partnerships against crime.
- Sec. 222. Police in public housing.
- Sec. 223. Availability of criminal records for screening and eviction.

Subtitle D—Authorizations and Extensions

- Sec. 231. Low-income housing.
- Sec. 232. Public housing operating subsidies.
- Sec. 233. Family self-sufficiency program.
- Sec. 234. Family investment and economic opportunity centers.
- Sec. 235. Resident management and tenant opportunity program.
- Sec. 236. Indian housing loan guarantee program.

Subtitle E—Applicability

- Sec. 241. Applicability of public housing amendments to Indian housing.

Subtitle F—Termination of Certain Assisted Housing Programs

- Sec. 251. Termination of certain assisted housing programs.

Subtitle G—Midnight Basketball League Training and Partnership

- Sec. 261. Short title.
- Sec. 262. Grants for midnight basketball league training and partnership.
- Sec. 263. Public housing midnight basketball league programs.

Subtitle H—Miscellaneous Provisions

- Sec. 271. Study of operating subsidy program.
- Sec. 272. Composition of boards of directors of PHAs.
- Sec. 273. Advanced training in public housing management.
- Sec. 274. Deregulation of public housing agencies.

TITLE III—HOMEOWNERSHIP

Subtitle A—Expanded Single Family Homeownership Opportunities

- Sec. 301. Maximum dollar amount for FHA single family mortgages.
- Sec. 302. Streamlined refinancing for HUD-held mortgages.
- Sec. 303. Innovative affordable housing demonstrations.
- Sec. 304. Single family risk-sharing mortgage insurance program.
- Sec. 305. Homeownership counseling and outreach.
- Sec. 306. Delegation of insuring authority to direct endorsement mortgagees.

Subtitle B—Miscellaneous Provisions

- Sec. 311. National homeownership fund demonstration.
- Sec. 312. Section 235 refinancing.
- Sec. 313. Energy efficient mortgages pilot program.

Subtitle C—Authorizations

- Sec. 321. Limitation on GNMA guarantees for mortgage-backed securities.
- Sec. 322. Limitation on FHA insuring authority.
- Sec. 323. HOPE authorization of appropriations.
- Sec. 324. Home equity conversion mortgages.

TITLE IV—SECTION 8 RENTAL ASSISTANCE

- Sec. 401. Merger of the certificate and voucher programs.
- Sec. 402. Choice in residency.
- Sec. 403. Family unification assistance.
- Sec. 404. Fair market rents.

TITLE V—HOME INVESTMENT PARTNERSHIPS

- Sec. 501. HOME program loan guarantees.
- Sec. 502. HOME authorization of appropriations.
- Sec. 503. Monitoring of compliance.
- Sec. 504. Stabilization of HOME funding thresholds.
- Sec. 505. HOME investments.
- Sec. 506. Return of matching investment.
- Sec. 507. Adjustment of qualifying rent.
- Sec. 508. Increases in tenant income.

TITLE VI—MULTIFAMILY AND SUPPORTIVE HOUSING

Subtitle A—Preservation

- Sec. 601. Cost-saving amendments.
- Sec. 602. Low-income housing preservation authorization of appropriations.

Subtitle B—Renewal of Expiring Section 8 Contracts

- Sec. 611. Authority to enter into new contracts.
- Sec. 612. Criteria for entering into new contracts.
- Sec. 613. Renewal process.
- Sec. 614. Assistance for tenants.
- Sec. 615. Procedures for voluntary sale to qualified purchaser.
- Sec. 616. Rent levels in new contracts.
- Sec. 617. Financing and restructuring underlying debt; discretionary authorities; residual receipts.
- Sec. 618. Renewal requirements.
- Sec. 619. Delegation of authority.
- Sec. 620. Definitions.
- Sec. 621. Implementation.
- Sec. 622. Evaluation.
- Sec. 623. Authorization of appropriations.

Subtitle C—Other Section 8 Program Amendments

- Sec. 631. Refinancing high interest multifamily mortgages and eliminating unnecessary costs.
- Sec. 632. Termination and reuse of section 8 HAP contract budget authority.
- Sec. 633. Civil money penalties for violation of section 8 HAP contracts.

Subtitle D—Supportive Housing

- Sec. 641. Section 811 rental assistance for persons with disabilities.
- Sec. 642. Service coordinators in supportive housing.
- Sec. 643. Funding for supportive housing for the elderly.
- Sec. 644. Funding for supportive housing for persons with disabilities.
- Sec. 645. Housing opportunities for persons with AIDS.

Subtitle E—Miscellaneous Provisions

- Sec. 651. Flexible subsidy program.
- Sec. 652. Extension of section 221(g)(4) auction provisions.
- Sec. 653. Extension of multifamily mortgage credit demonstrations.
- Sec. 654. Indemnification for project managers.
- Sec. 655. Civil money penalties against general partners and certain managing agents of multifamily housing projects.
- Sec. 656. Extension of equity skimming to other multifamily housing programs.
- Sec. 657. Comprehensive needs assessments.
- Sec. 658. Authorization of appropriations for General Insurance Fund and Special Risk Insurance Fund.
- Sec. 659. FHA mortgage insurance limits for multifamily housing in high cost areas.
- Sec. 660. Elimination of new activity in low-use multifamily development programs.
- Sec. 661. Revised congregate services.
- Sec. 662. Study on FHA insured multifamily housing mortgages.

TITLE VII—COMMUNITY AND ECONOMIC DEVELOPMENT

- Sec. 701. Community and economic development.
- Sec. 702. Colonias assistance grants.
- Sec. 703. Extension of colonia program under section 916 of the Cranston-Gonzalez National Affordable Housing Act.
- Sec. 704. Community development block grants.
- Sec. 705. Economic development initiative.
- Sec. 706. CDBG reallocations.
- Sec. 707. Community viability fund.
- Sec. 708. Community investment corporation demonstration reauthorization.
- Sec. 709. National cities in schools program.
- Sec. 710. Community development grants for minority communities with special needs demonstration.
- Sec. 711. UDAG recaptures.
- Sec. 712. State agencies as sureties.
- Sec. 713. Conforming amendments related to empowerment zones and enterprise communities.
- Sec. 714. Study of use of CDBG as a match for other Federal programs.

TITLE VIII—NONJUDICIAL FORECLOSURE OF DEFAULTED SINGLE FAMILY MORTGAGES

- Sec. 801. Short title.
- Sec. 802. Findings and purpose.
- Sec. 803. Definitions.
- Sec. 804. Applicability.
- Sec. 805. Designation of foreclosure commissioner.
- Sec. 806. Prerequisites to foreclosure.
- Sec. 807. Commencement of foreclosure.
- Sec. 808. Notice of default and foreclosure sale.
- Sec. 809. Service of notice of foreclosure sale.
- Sec. 810. Presale reinstatement.
- Sec. 811. Conduct of sale; adjournment.
- Sec. 812. Foreclosure costs.
- Sec. 813. Disposition of sale proceeds.
- Sec. 814. Transfer of title and possession.
- Sec. 815. Record of foreclosure and sale.
- Sec. 816. Effect of sale.

- Sec. 817. Computation of time.
- Sec. 818. Severability.
- Sec. 819. Deficiency judgment.

TITLE IX—RURAL HOUSING

- Sec. 901. Program authorizations.
- Sec. 902. Eligibility of Native Americans for rural housing programs.
- Sec. 903. Escrow fund.
- Sec. 904. Section 502 homeownership loans.
- Sec. 905. Designation of underserved areas and reservation of assistance.
- Sec. 906. Section 515 rural rental housing.
- Sec. 907. Optional conversion of rental assistance payments to operating subsidy for migrant farmworker projects.
- Sec. 908. Eligibility of manufactured home parks for building site loans for co-operatives.
- Sec. 909. Rural housing report.
- Sec. 910. Priority for rural housing voucher assistance.
- Sec. 911. Native American rural housing capacity demonstration program.
- Sec. 912. Rural community development initiative.

TITLE X—REGULATORY AND MISCELLANEOUS PROGRAMS

- Sec. 1001. OFHEO assessment collection dates.
- Sec. 1002. Lead-based paint technical assistance amendments.
- Sec. 1003. Lead-based paint target housing hazard reduction program.
- Sec. 1004. Lead-based paint notification requirements.
- Sec. 1005. HUD research and development.
- Sec. 1006. Indemnification of contractors for intellectual property rights disputes.
- Sec. 1007. Fair housing initiatives program authorization of appropriations.
- Sec. 1008. Civil money penalties for violations of the Home Mortgage Disclosure Act by nonsupervised mortgagees.
- Sec. 1009. Youthbuild.
- Sec. 1010. Neighborhood reinvestment corporation.
- Sec. 1011. HUD salaries and expenses.
- Sec. 1012. Section 23 project conversion.
- Sec. 1013. Civil money penalties for improper participation in the origination of title I loans.
- Sec. 1014. Public facilities loan.
- Sec. 1015. National Commission on the Future of the Federal Housing Administration.

1 **SEC. 2. DEFINITION.**

- 2 For purposes of this Act, the term “Secretary”
- 3 means the Secretary of Housing and Urban Development.

1 **TITLE I—ASSISTANCE FOR THE**
2 **HOMELESS**

3 **SEC. 101. SHORT TITLE.**

4 This title may be cited as the “Stewart B. McKinney
5 Homeless Housing Assistance Reorganization Act of
6 1994”.

7 **SEC. 102. FINDINGS AND PURPOSES.**

8 (a) FINDINGS.—The Congress finds that—

9 (1) more Americans are homeless than at any
10 time since the Great Depression;

11 (2) homeless populations in different parts of
12 the country require different types of services to
13 meet their needs;

14 (3) the different needs within the homeless pop-
15 ulation argue for a comprehensive approach to Fed-
16 eral homeless housing assistance that provides out-
17 reach and assessment, emergency shelter, multiple
18 services, transitional housing, and permanent hous-
19 ing; and

20 (4) the separate Federal programs designed to
21 solve specific homeless problems have different dis-
22 tribution mechanisms, rules, and reporting require-
23 ments, that—

24 (A) exceed the resources available to the
25 Department of Housing and Urban Develop-

1 ment, State governments, local governments,
2 and not-for-profit homeless providers;

3 (B) restrict the flexibility of communities
4 to fashion comprehensive homeless systems that
5 meet the needs of homeless persons in their
6 areas;

7 (C) result in unpredictable funding
8 streams that hinder the ability of communities
9 and service providers to plan, develop, and im-
10 plement comprehensive systems to assist home-
11 less individuals and families; and

12 (D) impede the integration and coordina-
13 tion of Federal, State, and local government
14 and private for-profit and not-for-profit re-
15 sources available within a community.

16 (b) PURPOSES.—The purposes of this title are—

17 (1) to reorganize the homeless housing assist-
18 ance authorities under the Stewart B. McKinney
19 Homeless Assistance Act;

20 (2) to assist States and localities, in partner-
21 ship with private nonprofit service providers, to use
22 homeless funding more efficiently and effectively;

23 (3) to simplify and make more flexible the pro-
24 vision of Federal homeless assistance;

1 (4) to maximize a community's ability to imple-
2 ment a coordinated, comprehensive system for pro-
3 viding assistance to homeless families and individ-
4 uals;

5 (5) to make more efficient and equitable the
6 manner in which the Secretary distributes homeless
7 assistance;

8 (6) to reduce the burden on the Secretary's
9 staff in managing numerous programs and grant
10 competitions;

11 (7) to reduce the costs to States, units of gen-
12 eral local government, and private nonprofit organi-
13 zations in applying for and using assistance; and

14 (8) to advance the goal of meeting the needs of
15 the homeless population through the mainstream
16 programs for permanent housing as the Federal re-
17 sources supporting these programs become available.

18 **SEC. 103. DEFINITIONS.**

19 For purposes of this title, the following definitions
20 shall apply:

21 (1) COMPREHENSIVE HOMELESS ASSISTANCE
22 SYSTEM.—A “comprehensive homeless assistance
23 system” includes—

24 (A) a system of outreach and assessment
25 for—

1 (i) determining whether an individual
2 or family is homeless, or whether assist-
3 ance is necessary to prevent an individual
4 or family from becoming homeless; and

5 (ii) ensuring that individuals and fam-
6 ilies that are so identified under clause (i)
7 receive appropriate housing and supportive
8 services, including assistance required to
9 prevent homelessness;

10 (B) emergency shelters with appropriate
11 supportive services to help ensure that homeless
12 individuals and families receive adequate shel-
13 ter;

14 (C) transitional housing with appropriate
15 supportive services to help ensure that homeless
16 individuals and families are prepared to make
17 the transition to increased responsibility and
18 permanent housing;

19 (D) permanent housing, or permanent sup-
20 portive housing, to help meet the long-term
21 housing needs of homeless individuals and fami-
22 lies;

23 (E) coordination between assistance pro-
24 vided under this title and assistance provided
25 under other Federal, State, and local programs

1 that may be used to assist homeless individuals
2 and families, including programs administered
3 by the Department of Veterans Affairs, the De-
4 partment of Labor, the Department of Health
5 and Human Services, and the Department of
6 Education; and

7 (F) a system of referrals for subpopula-
8 tions of the homeless (including homeless veter-
9 ans) to the appropriate agencies, programs, or
10 services (including health care, job training, and
11 income support) necessary to meet their needs.

12 (2) ALLOCATION UNIT OF GENERAL LOCAL
13 GOVERNMENT.—The term “allocation unit of general
14 local government” means a metropolitan city or an
15 urban county.

16 (3) METROPOLITAN CITY.—The term “metro-
17 politan city” has the same meaning as in section
18 102(a)(4) of the Housing and Community Develop-
19 ment Act of 1974.

20 (4) URBAN COUNTY.—The term “urban coun-
21 ty” has the same meaning as in section 102(a)(6) of
22 the Housing and Community Development Act of
23 1974.

24 (5) UNIT OF GENERAL LOCAL GOVERNMENT.—

1 (A) IN GENERAL.—The term “unit of gen-
2 eral local government” means—

3 (i) a city, town, township, county, par-
4 ish, village, or other general purpose politi-
5 cal subdivision of a State;

6 (ii) the District of Columbia; and

7 (iii) any agency or instrumentality
8 thereof that is established pursuant to leg-
9 islation and designated by the chief execu-
10 tive to act on behalf of the jurisdiction
11 with regard to provisions of this title.

12 (B) CONSORTIA.—The term “unit of gen-
13 eral local government” may include a consor-
14 tium of geographically contiguous units of gen-
15 eral local government if the Secretary deter-
16 mines that the consortium—

17 (i) has sufficient authority and admin-
18 istrative capability to carry out the pur-
19 poses of this title on behalf of its member
20 jurisdictions; and

21 (ii) will, according to a written certifi-
22 cation by the State (or States, if the con-
23 sortium includes jurisdictions in more than
24 1 State), direct its activities to the allevi-

1 ation of problems of homeless individuals
2 or families within the State or States.

3 (6) INDIAN TRIBE.—The term “Indian tribe”
4 has the same meaning as in section 102(a) of the
5 Housing and Community Development Act of 1974.

6 (7) INSULAR AREA.—The term “Insular Area”
7 means the Virgin Islands, Guam, American Samoa,
8 and the Northern Mariana Islands.

9 (8) STATE.—The term “State” means each of
10 the several States and the Commonwealth of Puerto
11 Rico. Such term includes an agency or instrumental-
12 ity of a State that is established pursuant to legisla-
13 tion and designated by the chief executive to act on
14 behalf of the jurisdiction with regard to provisions of
15 this title.

16 (9) PRIVATE NONPROFIT ORGANIZATION.—The
17 term “private nonprofit organization” means an or-
18 ganization—

19 (A) no part of the net earnings of which
20 inures to the benefit of any member, founder,
21 contributor, or individual;

22 (B) that has a voluntary board;

23 (C) that has an accounting system, or has
24 designated a fiscal agent in accordance with re-
25 quirements established by the Secretary; and

1 (D) that practices nondiscrimination in the
2 provision of assistance.

3 (10) HOMELESS INDIVIDUAL.—The term
4 “homeless individual” has the same meaning as in
5 section 103 of the Stewart B. McKinney Homeless
6 Assistance Act.

7 (11) HOMELESS FAMILY.—The term “homeless
8 family” means a group of one or more related indi-
9 viduals who are homeless individuals.

10 (12) APPLICANT.—The term “applicant” means
11 a grantee submitting an application under section
12 105.

13 (13) RECIPIENT.—The term “recipient” means
14 a grantee and a State recipient.

15 (14) STATE RECIPIENT.—The term “State re-
16 cipient” means—

17 (A) a unit of general local government
18 within the State (other than an allocation unit
19 of general local government) receiving grant
20 amounts from the State under section
21 109(c)(3); and

22 (B) a public agency or a private nonprofit
23 organization receiving grant amounts from the
24 State under section 109(c)(3).

25 (15) GRANTEE.—The term “grantee” means—

1 (A) an allocation unit of general local gov-
2 ernment, Indian tribe, or Insular Area that ad-
3 ministers a grant under section 109(a)(1);

4 (B) a public agency or a private nonprofit
5 organization (or a consortium of such organiza-
6 tions) designated by an allocation unit of gen-
7 eral local government, Indian tribe, or Insular
8 Area to administer grant amounts under section
9 109(a)(2);

10 (C) a State or a private nonprofit organi-
11 zation designated by the Secretary to admin-
12 ister grant amounts under section 109(a)(3);

13 (D) a State administering a grant under
14 section 109(c)(1)(A);

15 (E) a unit of general local government des-
16 ignated by the Secretary to administer a grant
17 under section 109(c)(4);

18 (F) a public agency or private nonprofit
19 organization (a consortium of such organiza-
20 tions) designated by a unit of general local gov-
21 ernment to administer a grant from the Sec-
22 retary under section 109(c)(4); or

23 (G) a private nonprofit organization receiv-
24 ing a grant from the Secretary under section
25 109(c)(4).

1 **SEC. 104. AUTHORIZATIONS.**

2 (a) IN GENERAL.—The Secretary may make grants
3 under this title to carry out activities to assist homeless
4 individuals and families in support of comprehensive
5 homeless assistance systems, in accordance with the provi-
6 sions of this title.

7 (b) FUNDING AMOUNTS.—There are authorized to be
8 appropriated to carry out this title \$1,250,000,000 for fis-
9 cal year 1996. Any amounts appropriated shall remain
10 available until expended.

11 **SEC. 105. APPLICATION.**

12 (a) IN GENERAL.—Each applicant shall submit the
13 application required under this section in a form and in
14 accordance with such procedures as the Secretary shall
15 prescribe.

16 (b) HOMELESS ASSISTANCE STRATEGY.—

17 (1) IN GENERAL.—The local board established
18 for each recipient under section 110(c) or the State
19 advisory board established under section 110(d)
20 shall prepare a homeless assistance strategy for in-
21 clusion in the comprehensive housing affordability
22 strategy required under section 105 of the Cranston-
23 Gonzalez National Affordable Housing Act.

24 (2) CONSISTENCY REQUIREMENT.—The chief
25 executive officer of the State, allocation unit of gen-
26 eral local government, Indian tribe, or Insular Area

1 shall ensure that the homeless assistance strategy is
2 consistent with the other elements of the comprehen-
3 sive housing affordability strategy.

4 (3) LOCAL BOARD COMMENTS.—To the extent
5 that the chief executive officer of the recipient alters
6 the homeless assistance strategy prepared by the
7 State advisory board or local board, the comments of
8 the State advisory board or local board on those
9 changes shall be included in the application.

10 (c) ADDITIONAL REQUIREMENTS FOR ALLOCATION
11 UNITS OF GENERAL LOCAL GOVERNMENT, INDIAN
12 TRIBES, AND INSULAR AREAS.—

13 (1) IN GENERAL.—The homeless assistance
14 strategy prepared by allocation units of general local
15 government, Indian tribes, and Insular Areas shall—

16 (A) include a description of the com-
17 prehensive homeless assistance system to be es-
18 tablished and maintained within the jurisdic-
19 tion; and

20 (B) meet the requirements established
21 under section 105(b)(2) of the Cranston-Gon-
22 zalez National Affordable Housing Act and
23 paragraph (2) of this subsection.

24 (2) ADDITIONAL REQUIREMENTS FOR HOME-
25 LESS ASSISTANCE STRATEGY.—Each homeless as-

1 sistance strategy described in paragraph (1) shall
2 also contain—

3 (A) a description of current facilities and
4 services designed to assist homeless individuals
5 and families and an assessment of what is re-
6 quired to establish and maintain a comprehen-
7 sive homeless assistance system;

8 (B) a multiyear strategy for establishing
9 and maintaining the comprehensive homeless
10 assistance system, including appropriate time-
11 tables and budget estimates for accomplishing
12 each element of the strategy;

13 (C) a 1-year action plan, identifying all ac-
14 tivities to be carried out with assistance under
15 this title and describing how these activities will
16 further the strategy;

17 (D) a description of efforts to address the
18 problems faced by each of the different sub-
19 populations of the homeless, especially those of
20 homeless veterans;

21 (E) a certification or other evidence of fi-
22 nancial commitments and other resources for
23 meeting the requirements of subsections (a) and
24 (b) of section 107; and

1 (F) a certification that the applicant will
2 comply with the requirements of this title and
3 other applicable laws.

4 (d) ADDITIONAL REQUIREMENTS FOR STATES.—The
5 homeless assistance strategy prepared by a State advisory
6 board shall meet the requirements established under sec-
7 tion 105(b)(2) of the Cranston-Gonzalez National Afford-
8 able Housing Act and shall also include—

9 (1) a multiyear strategy for establishing and
10 maintaining comprehensive homeless assistance sys-
11 tems throughout the State, including the actions the
12 State will take to achieve the goals set out in the
13 strategy;

14 (2) a 1-year action plan identifying the criteria
15 that the State will use in distributing amounts
16 awarded under this title, the method of distribution,
17 and the relationship of the method of distribution to
18 the homeless assistance strategy;

19 (3) a description of how the strategy will ad-
20 dress the problems of different subpopulations of the
21 homeless, especially those of homeless veterans;

22 (4) a certification or other evidence of financial
23 commitments and other resources, for meeting the
24 requirements under subsections (a) and (b) of sec-
25 tion 107 and assurances satisfactory to the Sec-

1 retary that State recipients will also meet these re-
2 quirements; and

3 (5) a certification that the State and State re-
4 cipients will comply with the requirements of this
5 title and other applicable laws.

6 **SEC. 106. ELIGIBLE ACTIVITIES.**

7 Recipients may carry out the following activities with
8 grants received under this title:

9 (1) OUTREACH AND ASSESSMENT.—Outreach
10 and assessment activities designed to inform eligible
11 individuals and families about availability of services
12 and encourage the use of these services.

13 (2) PREVENTION.—Efforts to prevent homeless-
14 ness, including financial assistance to an individual
15 or family that has received an eviction notice, notice
16 of mortgage foreclosure, or notice of termination of
17 utility services, if—

18 (A) the individual or family cannot make
19 the required payments due to a sudden reduc-
20 tion of income or other financial emergency;

21 (B) the assistance is necessary to avoid the
22 eviction, foreclosure, or termination of services;
23 and

1 (C) there is a reasonable prospect that the
2 individual or family will be able to resume pay-
3 ments within a reasonable period of time.

4 (3) EMERGENCY HOUSING.—The provision of
5 short-term emergency lodging in motels or shelters,
6 either directly or indirectly through vouchers.

7 (4) ACQUISITION, CONSTRUCTION, OR RENOVA-
8 TION.—The renovation, acquisition (and the costs
9 associated with the acquisition of Federal inventory
10 property to house homeless families), rehabilitation,
11 new construction, or conversion of buildings to be
12 used for the provision of services to the homeless.

13 (5) LEASING.—Leasing of an existing structure
14 or structures, or units within these structures, in-
15 cluding the provision of long-term rental assistance
16 contracts.

17 (6) OPERATING COSTS.—Operating costs in-
18 cluding salaries and benefits, maintenance, insur-
19 ance, utilities, and furnishings.

20 (7) TENANT ASSISTANCE.—The provision of se-
21 curity or utility deposits, rent or utility payments for
22 the first month of residence at a new location, and
23 relocation assistance.

24 (8) SUPPORTIVE SERVICES.—The provision of
25 essential supportive services, including case manage-

1 ment, housing counseling, job training and place-
2 ment, primary health care, mental health services,
3 substance abuse treatment, child care, transpor-
4 tation, emergency food and clothing, family violence
5 services, education services, moving assistance, and
6 referrals to veterans services and legal services, ex-
7 cept that not more than 30 percent of the aggregate
8 amount of all assistance to a State, unit of general
9 local government, or Indian tribe under this title
10 may be used for activities under this paragraph.

11 (9) COSTS OF ADMINISTRATION.—The cost of
12 administration, which may include the planning, de-
13 velopment, and establishment, of a program under
14 this title, the cost of constituting and operating the
15 local board referred to in section 110(c), and the
16 cost of administering the program, except that not
17 more than 5 percent of any amounts provided to a
18 recipient under this title for a fiscal year may be
19 used for activities under this paragraph.

20 (10) CAPACITY BUILDING.—Building the capac-
21 ity of private nonprofit organizations to participate
22 in the comprehensive homeless assistance system of
23 the recipient, except that not more than 2 percent
24 of any amounts provided to a recipient under this

1 title for a fiscal year may be used for activities
2 under this paragraph.

3 (11) OTHER ACTIVITIES.—Other activities that
4 further the purposes of this title, as determined by
5 the Secretary.

6 **SEC. 107. MATCHING REQUIREMENT AND MAINTENANCE**
7 **OF EFFORT.**

8 (a) MATCHING REQUIREMENT.—

9 (1) IN GENERAL.—Each recipient under this
10 title shall ensure that contributions totaling not less
11 than 25 percent of the amounts made available to
12 the recipient for any fiscal year to carry out the
13 homeless assistance program of the recipient are
14 from non-Federal sources. At the end of each pro-
15 gram year, each recipient shall certify to the Sec-
16 retary that it has complied with this section, and
17 shall include with the certification a description of
18 the sources and amounts of the matching funds.

19 (2) REDUCTION IN MATCHING REQUIRE-
20 MENT.—

21 (A) IN GENERAL.—The Secretary shall re-
22 duce the matching requirement under para-
23 graph (1) during a fiscal year by—

24 (i) 50 percent for a jurisdiction that
25 certifies that it is in fiscal distress; and

1 (ii) 100 percent for a jurisdiction that
2 certifies that it is in severe fiscal distress.

3 (B) DEFINITIONS.—For the purposes of
4 this subsection—

5 (i) the term “fiscal distress” means
6 an allocation unit of general local govern-
7 ment, Indian tribe, or Insular Area that
8 satisfies one of the distress criteria set
9 forth in subparagraph (C); and

10 (ii) the term “severe fiscal distress”
11 means an allocation unit of general local
12 government, Indian tribe, or Insular Area
13 that satisfies both of the distress criteria
14 set forth in subparagraph (C).

15 (C) DISTRESS CRITERIA.—For an alloca-
16 tion unit of general local government, an Indian
17 tribe, or an Insular Area certifying that it is
18 distressed, the following criteria shall apply:

19 (i) POVERTY RATE.—The average
20 poverty rate in the jurisdiction for the cal-
21 endar year immediately preceding the year
22 in which its fiscal year begins was equal to
23 or greater than 125 percent of the average
24 national poverty rate during such calendar

1 year (as determined according to informa-
2 tion of the Bureau of the Census).

3 (ii) PER CAPITA INCOME.—The aver-
4 age per capita income in the jurisdiction
5 for the calendar year immediately preced-
6 ing the year in which its fiscal year begins
7 was less than 75 percent of the average
8 national per capita income during such cal-
9 endar year (as determined according to in-
10 formation of the Bureau of the Census).

11 (D) STATES.—In determining the degree
12 to which a State is in fiscal distress or severe
13 fiscal distress, the Secretary shall use the same
14 procedure used in accordance with section
15 220(d)(4) of the Cranston-Gonzalez National
16 Affordable Housing Act (42 U.S.C. 12750).

17 (E) WAIVER IN DISASTER AREAS.—If a re-
18 cipient (other than a State) is located in an
19 area in which a declaration of a disaster pursu-
20 ant to the Robert T. Stafford Disaster Relief
21 and Emergency Assistance Act is in effect for
22 any part of a fiscal year, the Secretary may re-
23 duce the matching requirement for that fiscal
24 year under paragraph (1) during that fiscal
25 year by not more than 100 percent.

1 (3) CALCULATION OF AMOUNTS.—In calculat-
2 ing the amount of matching funds required under
3 paragraph (1), a recipient may include—

4 (A) any funds derived from a non-Federal
5 source;

6 (B) the value of any lease on a building;

7 (C) any salary paid to staff to carry out
8 the program of the recipient;

9 (D) the value of the time and services con-
10 tributed by volunteers, at a rate determined by
11 the Secretary; and

12 (E) the proceeds from bond financing val-
13 idly issued by a State or unit of general local
14 government, agency, or instrumentality thereof,
15 or political subdivision thereof, and repayable
16 with revenues derived from a project assisted
17 under this title, but not more than 25 percent
18 of the contribution required under paragraph
19 (1) may be derived from this source.

20 (b) LIMITATION ON USE OF FUNDS.—No assistance
21 received under this title may be used to replace other
22 funds previously used, or designated for use, by the State,
23 State recipient, allocation unit of general local govern-
24 ment, Indian tribe, or Insular Area to assist homeless indi-
25 viduals and families.

1 **SEC. 108. ALLOCATION AND DISTRIBUTION OF FUNDS.**

2 (a) INDIAN TRIBES AND INSULAR AREAS.—

3 (1) ALLOCATION.—For each fiscal year, the
4 Secretary shall allocate assistance under this title—

5 (A) to Indian tribes, in an amount equal to
6 1.0 percent of the total appropriation under
7 this title; and

8 (B) to Insular Areas, in an amount equal
9 to 0.20 percent of the total appropriation under
10 this title.

11 (2) DISTRIBUTION.—The Secretary shall pro-
12 vide for the distribution of amounts reserved under
13 this subsection for Indian tribes and Insular Areas
14 pursuant to specific criteria or a distribution which
15 shall be contained in a regulation issued by the Sec-
16 retary.

17 (b) STATES AND ALLOCATION UNITS OF GENERAL
18 LOCAL GOVERNMENT.—

19 (1) IN GENERAL.—For each fiscal year, of the
20 amounts that remain after amounts are reserved for
21 Indian tribes and Insular Areas under subsection
22 (a), and for activities under subsection (e), the Sec-
23 retary shall allocate assistance according to the for-
24 mula described in paragraph (2).

25 (2) FORMULA.—

1 (A) ALLOCATION.—The Secretary shall al-
2 locate amounts for allocation units of general
3 local government and States in a manner that
4 ensures that the percentage of the total amount
5 available under this title for any fiscal year for
6 any State or allocation unit of general local gov-
7 ernment is equal to the percentage of the total
8 amount available for section 106 of the Hous-
9 ing and Community Development Act of 1974
10 for such prior fiscal year that is allocated for
11 such State or allocation unit of general local
12 government.

13 (B) REALLOCATION.—If under the alloca-
14 tion provisions applicable under this title, any
15 allocation unit of general local government
16 would receive a grant of less than 0.05 percent
17 of the amounts appropriated to carry out this
18 title for any fiscal year, such amount shall in-
19 stead be reallocated to the State in which such
20 allocation unit of general local government is lo-
21 cated for use under section 109(c).

22 (C) PRO RATA INCREASES AND DE-
23 CREASES.—

24 (i) INCREASE.—All amounts allocated
25 pursuant to the preceding subparagraphs

1 for allocation units of general local govern-
2 ment shall be increased on a pro rata basis
3 until the aggregate of such amounts equals
4 75 percent of the amounts appropriated
5 under this title for each year.

6 (ii) DECREASE.—All amounts allo-
7 cated pursuant to the preceding subpara-
8 graphs for States shall be decreased on a
9 pro rata basis until the aggregate of such
10 amounts equals 25 percent of the amounts
11 appropriated under this title for each year.

12 (3) MINIMUM GRANT AMOUNT.—Notwithstand-
13 ing the provisions of paragraph (2), a State or allo-
14 cation unit of general local government shall receive
15 no less funding for homeless assistance distributed
16 under a formula in 1996 than the average of the
17 amounts awarded annually to that jurisdiction from
18 funds appropriated for homeless assistance programs
19 administered by the Secretary during fiscal years
20 1987 through 1993.

21 (c) REALLOCATIONS.—Any amounts that a State or
22 an allocation unit of general local government is eligible
23 to receive under subsection (b) that are not received for
24 use in the jurisdiction, as provided by subsections (a) and
25 (b) of section 109, or that become available as a result

1 of actions under section 111(b), shall be added to amounts
2 available for allocation under section 108 for the succeed-
3 ing fiscal year.

4 (d) INSUFFICIENT APPROPRIATIONS.—

5 (1) COMPETITION.—If the amounts appro-
6 priated under section 104(b) for any fiscal year are
7 less than 50 percent of the amount authorized to be
8 appropriated under that subsection for that year, the
9 Secretary shall distribute the amounts appropriated
10 to States, units of general local government, Indian
11 tribes, Insular Areas, and private nonprofit organi-
12 zations on the basis of a competition.

13 (2) CRITERIA FOR AWARDING GRANTS.—The
14 criteria for awarding grants under paragraph (1)
15 shall include—

16 (A) the extent to which there is a need for
17 assistance for homeless individuals and families
18 in the jurisdiction;

19 (B) the extent to which the proposed ac-
20 tivities further the establishment and mainte-
21 nance of a comprehensive homeless assistance
22 system;

23 (C) the extent to which private nonprofit
24 organizations providing assistance to homeless
25 individuals and families in the jurisdiction have

1 been, and will be, included in planning for the
2 receipt of assistance under this title, and the
3 execution of the proposed activities;

4 (D) the capacity of the applicant to de-
5 velop and operate a project;

6 (E) the need for the type of project pro-
7 posed by the applicant in the area to be served;

8 (F) the extent to which the amount of as-
9 sistance to be provided under this title will be
10 supplemented with resources from other public
11 and private sources;

12 (G) the extent to which the applicant has
13 demonstrated coordination with other Federal,
14 State, local, private and other entities serving
15 homeless persons in the planning and operation
16 of the project; and

17 (H) such other criteria as the Secretary
18 deems appropriate to further the purposes of
19 this paragraph and this title.

20 (e) TECHNICAL ASSISTANCE AND DEMONSTRATION
21 AUTHORITY.—

22 (1) AUTHORIZATION.—The Secretary may
23 make grants under this subsection to—

24 (A) demonstrate innovative methods of cre-
25 ating comprehensive homeless assistance sys-

1 tems, including the coordination of efforts with
2 other levels of government and other service
3 providers and the filling of gaps in available
4 services and resources; and

5 (B) provide technical assistance, training,
6 startup funds, and other program funds (con-
7 sistent with the eligible activities set forth in
8 section 106) to support the creation of com-
9 prehensive homeless assistance systems and to
10 build nonprofit provider capacity in support of
11 such systems.

12 (2) SELECTION CRITERIA.—The Secretary shall
13 establish criteria for awarding grants under sub-
14 section (e)(1)(A), which shall include—

15 (A) the extent of homelessness in the juris-
16 diction;

17 (B) the extent to which the existing public
18 and private systems for homelessness preven-
19 tion, outreach, assessment, shelter, services,
20 transitional services, transitional housing, and
21 permanent housing available within the jurisdic-
22 tion would benefit from additional resources to
23 achieve a comprehensive approach to meeting
24 the needs of individuals and families who are

1 homeless or who are very low-income and at
2 risk of homelessness;

3 (C) the demonstrated commitment and ca-
4 pacity of the jurisdiction to work cooperatively
5 with the Secretary, nonprofit organizations,
6 foundations, other private entities, and the com-
7 munity to design and implement an initiative to
8 achieve the purposes of this subsection;

9 (D) the demonstrated commitment of non-
10 governmental organizations to commit financial
11 and other resources to a comprehensive home-
12 less assistance system in the jurisdiction;

13 (E) the commitment of the jurisdiction to
14 make necessary changes in policy and procedure
15 to provide flexibility and resources to implement
16 and sustain the initiative;

17 (F) geographic diversity in the distribution
18 of grants; and

19 (G) such other factors as the Secretary de-
20 termines to be appropriate.

21 (3) USE OF APPROPRIATED FUNDS.—The Sec-
22 retary may use not more than \$50,000,000 of the
23 amounts appropriated to carry out subsection
24 (e)(1)(A) in fiscal year 1996. The Secretary may use
25 not more than \$25,000,000 to carry out subsection

1 (e)(1)(B) in fiscal year 1996. The total amount pro-
2 vided to a single grant recipient under subsection
3 (e)(1)(A) may not exceed \$5,000,000 in any fiscal
4 year.

5 **SEC. 109. ADMINISTRATION OF PROGRAM.**

6 (a) IN GENERAL.—The Secretary shall prescribe
7 such procedures and requirements as the Secretary deems
8 appropriate for administering grant amounts under this
9 title.

10 (b) ALLOCATION UNITS OF GENERAL LOCAL GOV-
11 ERNMENT, INDIAN TRIBES, AND INSULAR AREAS.—

12 (1) IN GENERAL.—Except as provided in para-
13 graphs (2) and (3), an allocation unit of general
14 local government, Indian tribe, or Insular Area shall
15 administer grant amounts received under section
16 108 for any fiscal year.

17 (2) AGENCIES AND ORGANIZATIONS DES-
18 IGNATED BY JURISDICTION.—

19 (A) DESIGNATION OF OTHER ENTITIES TO
20 ADMINISTER GRANT AMOUNTS.—An allocation
21 unit of general local government, Indian tribe,
22 or Insular Area may elect for any fiscal year to
23 designate a public agency or a private nonprofit
24 organization (or a consortium of such organiza-

1 tions) to administer grant amounts under sec-
2 tion 108 instead of the jurisdiction.

3 (B) EFFECT OF DESIGNATION.—The allo-
4 cation unit of general local government, Indian
5 tribe, or Insular Area shall remain the grantee
6 for purposes of this title. The Secretary may, at
7 the request of the jurisdiction, provide grant
8 amounts directly to the agency or organization
9 designated under this paragraph.

10 (3) ADMINISTRATION OF GRANT BY SEC-
11 RETARY.—If an allocation unit of general local gov-
12 ernment, Indian tribe, or Insular Area, or (if appro-
13 priate) a public agency or private nonprofit organi-
14 zation designated by the jurisdiction under para-
15 graph (2), does not receive a grant under section
16 108 for any fiscal year because of failure to meet the
17 application requirements of section 105, the Sec-
18 retary shall designate the State or a local private
19 nonprofit organization to administer the program or
20 distribute the funds to private nonprofit organiza-
21 tions within that jurisdiction on the basis of a com-
22 petition.

23 (c) STATES.—

24 (1) IN GENERAL.—Each State shall elect to ei-
25 ther—

1 (A) administer grant amounts received
2 under section 108, as provided by paragraphs
3 (2) and (3); or

4 (B) have the Secretary administer these
5 amounts instead of the State, as provided by
6 paragraph (4).

7 If a State elects to administer grant amounts under
8 subparagraph (A), the election shall be permanent
9 and final.

10 (2) STATE PROGRAM.—Of amounts referred to
11 in paragraph (1)(A), the State—

12 (A) may use not more than 15 percent to
13 carry out its own homeless assistance program
14 under this title, except that these amounts may
15 only be used for eligible activities under section
16 106; and

17 (B) shall distribute the remaining amounts
18 to—

19 (i) State recipients for use under this
20 title; or

21 (ii) in the case of an area of the State
22 with significant homeless needs where no
23 State recipient is identified, directly to one
24 or more private nonprofit organizations
25 serving that area.

1 Not more than 20 percent of any amounts received
2 in a fiscal year by States may be used to carry out
3 activities in allocation units of general local govern-
4 ment.

5 (3) DISTRIBUTION OF AMOUNTS TO STATE RE-
6 CIPIENTS.—

7 (A) IN GENERAL.—

8 (i) OPTIONS FOR RECIPIENTS.—A
9 State distributing amounts to State recipi-
10 ents under paragraph (1)(A) shall, for
11 each fiscal year, afford each such recipient
12 the options of—

13 (I) administering the grant
14 amounts on its own behalf;

15 (II) designating a public agency
16 or a private nonprofit organization (as
17 provided by subsection (b)(2)) to ad-
18 minister the grant amounts instead of
19 the jurisdiction; or

20 (III) entering into an agreement
21 with the State, in consultation with
22 private nonprofit organizations provid-
23 ing assistance to homeless individuals
24 and families in the jurisdiction, under
25 which the State will administer the

1 grant amounts instead of the jurisdic-
2 tion.

3 (ii) EFFECT OF DESIGNATION.—A
4 State recipient designating an agency or
5 organization as provided by clause (i)(II),
6 or entering into an agreement with the
7 State under clause (i)(III), shall remain
8 the State recipient for purposes of this
9 title. The State may, at the request of the
10 State recipient, provide grant amounts di-
11 rectly to the agency or organization des-
12 ignated under clause (i)(II).

13 (B) APPLICATION.—(i) The State shall dis-
14 tribute amounts to State recipients (or to agen-
15 cies or organizations designated under subpara-
16 graph (A)(i)(II), as appropriate) on the basis of
17 an application containing such information as
18 the State may prescribe, except that each appli-
19 cation shall reflect the State's application re-
20 quirements in section 105(d) and evidence an
21 intent to establish a comprehensive homeless as-
22 sistance system.

23 (ii) The State may waive the requirements
24 in clause (i) with respect to one or more pro-

1 posed activities, where the State determines
2 that—

3 (I) the activities are necessary to meet
4 the needs of homeless individuals and fam-
5 ilies within the jurisdiction; and

6 (II) a comprehensive homeless assist-
7 ance system is not necessary, due to the
8 nature and extent of homelessness in the
9 jurisdiction.

10 (C) PREFERENCE.—In selecting State re-
11 cipients and making awards under subpara-
12 graph (B), the State shall give preference to ap-
13 plications that demonstrate higher relative lev-
14 els of homeless need and fiscal distress.

15 (4) HUD ADMINISTRATION OF STATE PRO-
16 GRAM.—If a State elects to have the Secretary ad-
17 minister its grant amounts under section 107, as
18 provided by paragraph (1)(B), the Secretary may
19 distribute grant amounts within the State on a com-
20 petitive basis, using the criteria established in sec-
21 tion 107(d)(2), to—

22 (A) units of general local government;

23 (B) public agencies or private nonprofit
24 agencies designated by units of general local
25 government; or

1 (C) private nonprofit organizations.

2 (d) NONPROFIT HOMELESS PROVIDERS.—Each
3 grantee shall make available not less than 51 percent of
4 the grant amounts it receives for any fiscal year to private
5 nonprofit organizations that provide assistance to home-
6 less individuals and families to carry out activities under
7 this title. The Secretary may waive or reduce this require-
8 ment where a grantee can demonstrate that no private
9 nonprofit providers exist or where those private nonprofit
10 providers that do exist lack the capacity to address the
11 needs of the homeless population.

12 **SEC. 110. CITIZEN PARTICIPATION.**

13 (a) IN GENERAL.—Each recipient shall ensure that
14 citizens, and appropriate private nonprofit organizations
15 and other interested groups and entities, participate fully
16 in the development and carrying out of the program au-
17 thorized under this title. The Secretary shall prescribe
18 such requirements to carry out this section as the Sec-
19 retary deems appropriate, which shall include require-
20 ments applicable to the citizen participation provisions of
21 subsection (b), the local boards referred to in subsection
22 (c), and the requirements for States under provisions of
23 subsection (d) and the timing of, and sequence for, carry-
24 ing out the requirements of those subsections.

1 (b) SPECIFIC REQUIREMENTS FOR THE INVOLVE-
2 MENT OF CITIZENS AND OTHERS.—

3 (1) IN GENERAL.—Each recipient shall—

4 (A) make available to its citizens, public
5 agencies, and other interested parties informa-
6 tion concerning the amount of assistance the ju-
7 risdiction expects to receive and the range of
8 activities that may be undertaken with the as-
9 sistance;

10 (B) publish the proposed application in a
11 manner that, in the determination of the Sec-
12 retary, affords affected citizens, public agencies,
13 and other interested parties a reasonable oppor-
14 tunity to examine its content and to submit
15 comments on it;

16 (C) hold one or more public hearings to ob-
17 tain the views of citizens, public agencies, and
18 other interested parties on the needs of home-
19 less individuals and families in the jurisdiction
20 at a time and a location that will ensure maxi-
21 mum potential participation; and

22 (D) provide citizens, public agencies, and
23 other interested parties with reasonable access
24 to records regarding any uses of any assistance

1 the recipient may have received during the pre-
2 ceding 5 years.

3 (2) NOTICE AND COMMENT.—Before submitting
4 any performance report under section 111(a) or sub-
5 stantial amendment to an application under section
6 105, a recipient shall provide citizens with reason-
7 able notice of, and opportunity to comment on, such
8 performance report or application before its submis-
9 sion.

10 (3) CONSIDERATION OF COMMENTS.—A recipi-
11 ent shall consider any comments or views of citizens
12 in preparing a final application, amendment to an
13 application or performance report for submission. A
14 summary of such comments or views shall be at-
15 tached when an application, amendment to an appli-
16 cation, or performance report is submitted. The sub-
17 mitted application, amendment, or report shall be
18 made available to the public.

19 (c) LOCAL BOARDS.—

20 (1) ESTABLISHMENT AND FUNCTION.—The
21 chief executive of each allocation unit of general
22 local government, Indian tribe, Insular Area, or
23 State recipient shall establish, select, and support a
24 local board, which shall assist the jurisdiction in—

1 (A) determining whether the grant should
 2 be administered by the jurisdiction, a public
 3 agency or private nonprofit organization, or the
 4 State or the Secretary, as appropriate, under
 5 subsection (b) and (c) of section 109;

6 (B) developing the application under sec-
 7 tion 105;

8 (C) overseeing the activities carried out
 9 with assistance under this title; and

10 (D) preparing the performance report
 11 under section 111(a).

12 (2) COMPOSITION OF BOARD.—The composition
 13 of each local board shall be as follows:

14 (A) MAJORITY OF BOARD.—Not less than
 15 51 percent of its members shall represent the
 16 following:

17 (i) Homeless individuals and families.

18 (ii) Homeless advocates.

19 (iii) Individuals and entities providing
 20 assistance to homeless individuals and
 21 families.

22 (B) REMAINDER OF BOARD.—The remain-
 23 der of the board shall represent the following:

24 (i) The business community.

25 (ii) Neighborhood advocates.

1 (iii) Government officials.

2 (3) DISTRIBUTION OF MEMBERSHIP.—The
3 membership of each local board meeting the criteria
4 in paragraph (2)(A) shall have been nominated by
5 individuals and entities, other than a governmental
6 jurisdiction, that represent these groups. In selecting
7 a board, the chief executive officer of the jurisdiction
8 shall, to the maximum extent practicable, select local
9 board members who will improve access to a broad
10 range of services for homeless individuals and fami-
11 lies and who are sensitive to the varying needs of
12 homeless individuals and families. Each local board
13 shall include members who, to the maximum extent
14 practicable and consistent with local needs, represent
15 the different homeless subpopulations in that com-
16 munity, including veterans, the mentally ill, families
17 with children, young persons, battered spouses, vic-
18 tims of substance abuse, and persons with AIDS.

19 (4) REVIEW BY SECRETARY.—The Secretary
20 may waive the requirements of paragraphs (2) and
21 (3) if the jurisdiction has an existing local board
22 that substantially meets the requirements of such
23 paragraphs.

1 (d) REQUIREMENTS FOR THE SECRETARY AND
2 STATES DISTRIBUTING AMOUNTS TO STATE RECIPI-
3 ENTS.—

4 (1) STATE PROGRAMS.—The Secretary may
5 prescribe citizen participation requirements for
6 States, including a requirement for State advisory
7 boards. Such requirements shall be comparable (to
8 the extent appropriate) to those contained in the
9 preceding provisions of this section.

10 (2) The Secretary may prescribe citizen partici-
11 pation requirements where:

12 (A) A State or a private nonprofit organi-
13 zation is administering the grant amounts of an
14 allocation unit of general local government, as
15 provided by section 108(b)(3).

16 (B) The Secretary is distributing grant
17 amounts to State recipients, as provided by sec-
18 tion 108(c)(1)(B). Such requirements shall be
19 comparable (to the extent appropriate) to those
20 contained in the preceding provisions of this
21 section.

22 (3) LAWS INAPPLICABLE.—The following provi-
23 sions of law shall not apply with respect to the ac-
24 tions of the Secretary referred to in paragraph (2):

25 (A) The Federal Advisory Committee Act.

1 (B) Section 103 of the Department of
2 Housing and Urban Development Reform Act
3 of 1989.

4 The Secretary shall establish appropriate standards
5 under this paragraph to ensure the integrity of the
6 process for awarding assistance.

7 **SEC. 111. REPORTS, REVIEWS, AND AUDITS.**

8 (a) GRANTEE PERFORMANCE REPORT.—Each grant-
9 ee shall submit to the Secretary a performance and evalua-
10 tion report prepared by the State advisory board or the
11 local board concerning the use of funds made available
12 under this title. To the extent that the chief executive offi-
13 cer of the grantee has made changes to the report, the
14 submission shall also include the comments of the State
15 advisory board or local board. The report shall be submit-
16 ted at such time and contain such information as the Sec-
17 retary shall prescribe, and shall be made available to citi-
18 zens, public agencies, and other interested parties in the
19 jurisdiction of the grantee in sufficient time to permit the
20 citizens, public agencies, and other interested parties to
21 comment on the report before its submission.

22 (b) REVIEWS AND AUDITS.—

23 (1) IN GENERAL.—The Secretary shall, not less
24 than annually, make such reviews and audits as may
25 be necessary or appropriate to determine—

1 (A) in the case of a grantee (other than a
2 grantee referred to in subparagraph (B)),
3 whether the grantee—

4 (i) has carried out its activities in a
5 timely manner;

6 (ii) has made progress toward estab-
7 lishing and maintaining the comprehensive
8 homeless assistance system in conformity
9 with its application under this title; and

10 (iii) has carried out its activities and
11 certifications in accordance with the re-
12 quirements of this title and other applica-
13 ble laws; and

14 (B) in the case of States distributing grant
15 amounts to State recipients, whether the
16 State—

17 (i) has distributed amounts to State
18 recipients in a timely manner and in con-
19 formance with the method of distribution
20 described in its application;

21 (ii) has carried out its activities and
22 certifications in compliance with the re-
23 quirements of this title and other applica-
24 ble laws; and

1 (iii) has made such reviews and audits
2 of the State recipients as may be necessary
3 or appropriate to determine whether they
4 have satisfied the applicable performance
5 criteria contained in subparagraph (A).

6 (2) ADJUSTMENTS.—The Secretary may reduce
7 or condition a grant if the Secretary determines that
8 the grantee has failed to substantially comply with
9 the requirements of this title. With respect to assist-
10 ance made available for State recipients, the Sec-
11 retary may reduce or condition such assistance, or
12 take other action as appropriate in accordance with
13 the Secretary’s reviews and audits under this sub-
14 section, except that funds already properly expended
15 on eligible activities under this title shall not be re-
16 captured or deducted from future assistance to such
17 recipients. No assistance shall be reduced or condi-
18 tioned unless the recipient has had reasonable notice
19 and opportunity for a hearing.

20 **SEC. 112. NONDISCRIMINATION IN PROGRAMS AND ACTIVITIES.**
21

22 (a) IN GENERAL.—No person in the United States
23 shall, on the ground of race, color, national origin, reli-
24 gion, or sex, be excluded from participation in, be denied
25 the benefits of, or be subjected to discrimination under

1 any program or activity funded in whole or in part with
2 funds made available under this title. Any prohibition
3 against discrimination on the basis of age under the Age
4 Discrimination Act of 1975 or with respect to an otherwise
5 qualified handicapped individual, as provided in section
6 504 of the Rehabilitation Act of 1973, shall also apply
7 to any such program or activity.

8 (b) LIMITATIONS.—

9 (1) INDIAN TRIBES.—No grant may be made to
10 an Indian tribe under this title unless the applicant
11 provides satisfactory assurances that its program
12 will be conducted and administered in conformity
13 with title II of Public Law 90–284. The Secretary
14 may waive, in connection with grants to Indian
15 tribes, the provisions of subsection (a).

16 (2) HAWAIIAN HOME LANDS.—Nothing in this
17 title relating to discrimination on the basis of race
18 shall apply to the provision of assistance to the Ha-
19 waiian Home Lands.

20 **SEC. 113. CONSULTATION.**

21 In carrying out the provisions of this title, including
22 the issuance of regulations, the Secretary shall consult
23 with other Federal departments and agencies administer-
24 ing programs affecting homeless individuals and families.

1 **SEC. 114. RECORDS, REPORTS, AND AUDITS.**

2 (a) KEEPING OF RECORDS.—Any recipient shall keep
3 such records as may be reasonably necessary—

4 (1) to disclose the amounts and the disposition
5 of the grant amounts, including types of activities
6 funded and the nature of populations served with
7 these funds; and

8 (2) to ensure compliance with the requirements
9 of this title.

10 (b) ACCESS TO DOCUMENTS BY THE SECRETARY.—
11 The Secretary shall have access for the purpose of audit
12 and examination to any books, documents, papers, and
13 records of any recipient specified in subsection (a) that
14 are pertinent to grant amounts received in connection with
15 this title.

16 (c) ACCESS TO DOCUMENTS BY THE COMPTROLLER
17 GENERAL.—The Comptroller General of the United
18 States, or any duly authorized representative of the Comp-
19 troller General, shall have access for the purpose of audit
20 and examination to any books, documents, papers, and
21 records of any recipient specified in subsection (a) that
22 are pertinent to grant amounts received in connection with
23 this title.

24 **SEC. 115. ANNUAL REPORT TO CONGRESS.**

25 The Secretary shall submit a report to the Congress
26 annually, summarizing the activities carried out under this

1 title, and setting forth the findings, conclusions, and rec-
2 ommendations of the Secretary as a result of the activities.
3 The report shall be submitted not later than 4 months
4 after the end of each fiscal year (except that for fiscal
5 year 1996, the report shall be submitted not later than
6 6 months after the end of the fiscal year).

7 **SEC. 116. IMPLEMENTATION.**

8 (a) NOTICE AND COMMENT.—The Secretary shall, by
9 proposed rule published for notice and comment in the
10 Federal Register, establish such requirements as may be
11 necessary to carry out the provisions of this title.

12 (b) NOTICES OF FUNDING AVAILABILITY.—The Sec-
13 retary shall publish a notice of funding availability not
14 later than 60 days after funds are appropriated to carry
15 out this title.

16 **SEC. 117. TRANSITION PROVISIONS.**

17 (a) FISCAL YEAR 1995.—

18 (1) ACTIVITIES UNDER TITLE IV OF THE STEW-
19 ART B. MCKINNEY HOMELESS ASSISTANCE ACT.—
20 There are authorized to be appropriated for fiscal
21 year 1995 to carry out title IV of the Stewart B.
22 McKinney Homeless Assistance Act—

23 (A) \$120,000,000 for the activities under
24 subtitle B;

1 (B) \$705,000,000 for the activities under
2 subtitle C; and

3 (C) \$100,000,000 for the activities under
4 section 441.

5 (2) TECHNICAL ASSISTANCE AND DEMONSTRATIONS.—There are authorized to be appropriated for
6 fiscal year 1995—

8 (A) \$50,000,000 for activities authorized
9 under section 107(e)(1)(A); and

10 (B) \$25,000,000 for activities authorized
11 under section 107(e)(1)(B).

12 (3) PREFERENCE.—Except for grants provided
13 under subtitle B and notwithstanding any other pro-
14 vision of law, in making grants with funds appro-
15 priated under this subsection for fiscal year 1995,
16 the Secretary shall give preference to applicants that
17 have established a local board, as described in sec-
18 tion 110, and that have developed a comprehensive
19 homeless assistance system, consistent with the pur-
20 poses of this title. The Secretary shall review care-
21 fully all grant applications from underserved areas
22 and rural areas with significant populations of
23 homeless individuals and families.

24 (b) REPEALS.—

1 (1) STEWART B. MCKINNEY HOMELESS ASSIST-
2 ANCE ACT.—Title IV of the Stewart B. McKinney
3 Homeless Assistance Act (42 U.S.C. 11361 et seq.)
4 is amended by striking subtitles D, F, and G.

5 (2) INNOVATIVE HOMELESS INITIATIVES DEM-
6 ONSTRATION PROGRAM.—Section 2 of the HUD
7 Demonstration Act of 1993 (42 U.S.C. 11301 note)
8 is hereby repealed.

9 (c) REPEAL OF EXISTING PROGRAMS.—Effective Oc-
10 tober 1, 1995, title IV of the Stewart B. McKinney Home-
11 less Assistance Act (42 U.S.C. 11361 et seq.) is amended
12 by striking—

13 (1) subtitles B and C; and

14 (2) section 441.

15 (d) SAVINGS PROVISION.—The provisions of law re-
16 pealed by subsections (b) and (c) shall continue to apply
17 to grants and contracts entered into under such provisions
18 prior to the date of enactment of this Act.

1 **TITLE II—PUBLIC AND INDIAN**
 2 **HOUSING**
 3 **Subtitle A—Enhanced Flexibility**
 4 **for Public Housing Agencies**

5 **SEC. 201. PUBLIC HOUSING DIRECT LOANS.**

6 Title I of the United States Housing Act of 1937 (42
 7 U.S.C. 1437 et seq.) is amended by adding at the end
 8 the following new section:

9 **“SEC. 27. PUBLIC HOUSING DIRECT LOANS.**

10 “(a) GENERAL AUTHORIZATION.—The Secretary
 11 may, upon such terms and conditions as the Secretary
 12 may prescribe, make loans to public housing agencies (or
 13 partnerships including these agencies) eligible for com-
 14 prehensive modernization grants under section 14.

15 “(b) TERMS AND CONDITIONS.—

16 “(1) CRITERIA FOR APPROVAL.—In approving
 17 an application under this section, the Secretary may
 18 consider—

19 “(A) the ability of the public housing agen-
 20 cy to use the proceeds of the loan effectively, di-
 21 rectly or through contract management;

22 “(B) the adequacy of remaining future al-
 23 locations in providing repairs, replacements,
 24 and improvements that will be needed as a re-

1 sult of usage and depreciation of existing
2 projects over the loan period; and

3 “(C) such other criteria as the Secretary
4 may specify.

5 “(2) SPECIAL CONDITIONS.—Notwithstanding
6 paragraph (1), the Secretary may approve a loan
7 under this section only if the Secretary determines
8 that—

9 “(A) the public housing agency has an ac-
10 ceptable rate of obligation of funds under sec-
11 tion 14; or

12 “(B) the public housing agency agrees to
13 administer the loan proceeds through a contract
14 with a management company with dem-
15 onstrated expertise in managing development
16 projects.

17 “(3) TERM OF LOAN.—Loans under this section
18 shall be for a term consistent with the term of other
19 private debt on the project, but not to exceed 30
20 years.

21 “(4) INTEREST RATE.—Loans under this sec-
22 tion shall bear interest at a rate equal to the average
23 current market yields on all outstanding marketable
24 obligations of the United States with remaining
25 terms to maturities comparable to the average matu-

1 rities of loans under this section, plus amounts suffi-
2 cient to cover servicing costs, plus 150 basis points.

3 “(5) SUBORDINATION.—Loans under this sec-
4 tion may be subordinated to other debt contracted
5 by the public housing agency or the partnership in-
6 cluding the agency.

7 “(6) SUBSIDY AMOUNT.—Based on the public
8 housing agency’s pledged sources of repayments (in-
9 cluding rents and other anticipated income streams),
10 the Director of the Office of Management and Budg-
11 et, in consultation with the Secretary, shall establish
12 a subsidy cost, if any, as defined by the Federal
13 Credit Reform Act of 1990, for each loan to the
14 agency.

15 “(7) PREMIUM AMOUNT.—A premium amount
16 shall be assessed to cover the subsidy amount associ-
17 ated with each loan so that the resulting net subsidy
18 cost to the Federal Government is zero. This pre-
19 mium shall be paid from the amount the public
20 housing agency receives under the comprehensive
21 grant program under section 14 in the year the loan
22 is originated.

23 “(c) AUTHORIZATION.—To the extent provided in ap-
24 propriations Acts, the Secretary may enter into commit-
25 ments to make loans under this section with an aggregate

1 principal amount of \$2,000,000,000 for each of the fiscal
2 years 1995 and 1996.

3 “(d) LOAN LIMIT.—The total outstanding principal
4 amount of loans under this section made to a public hous-
5 ing agency (excluding any amount repaid) may not exceed
6 5 times the amount of the public housing agency’s latest
7 comprehensive modernization grant under section 14.

8 “(e) USE OF COMPREHENSIVE MODERNIZATION
9 GRANTS.—Notwithstanding any other provision of this
10 title, comprehensive modernization grants or allocations
11 under this title to the public housing agency (including
12 program income derived therefrom) may be used by the
13 public housing agency or by the Secretary for the payment
14 of premiums due on any loan under this section.

15 “(f) PROGRAM REQUIREMENTS.—To assure the full
16 repayment of a loan made under this section and as a
17 prior condition for receiving the loan, the Secretary shall
18 require the public housing agency (or the partnership in-
19 cluding the agency) to—

20 “(1) enter into a contract for repayment of the
21 loan and the other specified charges;

22 “(2) pledge financial resources, including rental
23 and other income, for repayment of the loan; and

24 “(3) furnish such other security as may be ap-
25 propriate, including the land, the units financed with

1 the loan, public housing units in the project financed
2 by the loan, or other land or housing owned by the
3 agency or the proceeds of disposition thereof.

4 “(g) EQUITY REQUIREMENTS.—The Secretary shall
5 require the public housing agency (or the partnership in-
6 cluding the agency) to contribute 30 percent equity to any
7 project financed with a loan under this section. For the
8 purpose of this subsection, the term ‘equity’ includes a
9 contribution made from Federal or non-Federal sources,
10 the value of land donated by the public housing agency
11 or the local jurisdiction, and the value of units developed
12 as part of the project using funds under section 5(a)(2),
13 section 14, or section 24.

14 “(h) PROGRAM ADMINISTRATION.—If the Secretary
15 finds that 50 percent of the annual loan authority has
16 been committed, or public housing agencies have applied
17 for such commitments, the Secretary may impose limita-
18 tions on the amount of loans any public housing agency
19 may receive in any fiscal year.

20 “(i) TRAINING AND INFORMATION.—The Secretary
21 may carry out training and information collection and dis-
22 semination activities in support of this section using funds
23 otherwise set aside for technical assistance under section
24 14.

1 “(j) AFFORDABILITY.—The public housing agency
 2 shall establish rents for units developed with the proceeds
 3 of a loan under this section at a level that is affordable
 4 for families with incomes that do not exceed 80 percent
 5 of the median income for the area or other applicable limi-
 6 tation on rents.”.

7 **SEC. 202. USE OF MODERNIZATION FUNDS FOR REPLACE-**
 8 **MENT HOUSING.**

9 Section 14 of the United States Housing Act of 1937
 10 (42 U.S.C. 1437l) is amended by adding at the end the
 11 following new subsection:

12 “(q) USE OF MODERNIZATION FUNDS FOR RE-
 13 PLACEMENT HOUSING.—A public housing agency may use
 14 assistance under this section for the development or acqui-
 15 sition of additional housing under this title, in accordance
 16 with requirements applicable to the development or acqui-
 17 sition of public housing, to provide replacement housing
 18 as required by section 18 if—

19 “(1) the public housing agency has developed a
 20 plan that balances development activities with ongo-
 21 ing needs under the modernization program;

22 “(2) the total amount of the public housing
 23 agency’s annual grant under this section that is used
 24 for replacement housing under this subsection does
 25 not exceed 50 percent; and

1 “(3) the development of housing under this sub-
2 section is justifiable based on the relative long-term
3 cost of development to modernization and other fac-
4 tors as determined by the Secretary, including
5 project redesign, reducing population densities, and
6 the remaining useful life of the existing structure.”.

7 **SEC. 203. USE OF PUBLIC-PRIVATE PARTNERSHIPS IN MOD-**
8 **ERNIZING PUBLIC HOUSING.**

9 Section 14(c)(1) of the United States Housing Act
10 of 1937 (42 U.S.C. 1437l(c)(1)) is amended by inserting
11 before the semicolon the following: “or, as determined by
12 the Secretary, controlled by public housing agencies”.

13 **SEC. 204. REPORT.**

14 Not later than 2 years after the date of enactment
15 of this Act, the Secretary shall submit to the Congress
16 a report detailing the effects of the amendments made by
17 sections 201, 202, and 203, including—

18 (1) activities carried out using the authorities
19 provided in such amendments;

20 (2) activities carried out with assistance pro-
21 vided under section 14(c)(1) of the United States
22 Housing Act of 1937;

23 (3) the amount of public and private investment
24 being committed to modernization and replacement
25 housing; and

1 (4) the number of units assisted under section
2 14(c)(1) of the United States Housing Act of 1937
3 and the cost per unit.

4 **SEC. 205. MODIFICATION OF THE EARLY CHILDHOOD DE-**
5 **VELOPMENT PROGRAM.**

6 Section 222 of the Housing and Urban-Rural Recov-
7 ery Act of 1983 (12 U.S.C. 1701z-6 note) is amended—

8 (1) by striking the section heading and insert-
9 ing the following:

10 “EARLY CHILDHOOD DEVELOPMENT PROGRAMS FOR
11 PUBLIC HOUSING RESIDENTS AND HOMELESS FAMILIES”;

12 (2) in subsection (a)(1), by inserting before the
13 period the following: “and for homeless families with
14 children, as defined in section 103 of the Stewart B.
15 McKinney Homeless Housing Assistance Reorga-
16 nization Act of 1994”;

17 (3) in subsection (b)(1), by inserting before the
18 semicolon the following: “, except that the Secretary
19 may make a grant to provide additional assistance
20 for an existing child care center assisted under this
21 section or to expand an existing child care center re-
22 gardless of whether or not such center was pre-
23 viously assisted under this section”;

24 (4) in subsection (c)—

25 (A) by redesignating paragraphs (2) and

26 (3) as paragraphs (3) and (4), respectively; and

1 (B) by inserting after paragraph (1) the
 2 following new paragraph:

3 “(2) take into account the proximity of facilities
 4 for homeless families to the proposed site at which
 5 the services are to be provided;” and

6 (5) in subsection (g), by striking the first 2 sen-
 7 tences and inserting the following: “There are au-
 8 thorized to be appropriated to carry out this section
 9 \$15,000,000 for fiscal year 1995 and \$15,450,000
 10 for fiscal year 1996.”.

11 **SEC. 206. ENTREPRENEURIAL PHAS AND RMCS.**

12 (a) AUTHORIZATION OF DEMONSTRATIONS.—

13 (1) IN GENERAL.—The Secretary may author-
 14 ize public housing agencies and resident manage-
 15 ment corporations to conduct demonstrations that—

16 (A) test the extent to which aspects of the
 17 public housing program may be exempt from
 18 certain statutory requirements while continuing
 19 to serve eligible families; and

20 (B) permit agencies and resident manage-
 21 ment corporations to set policies for the oper-
 22 ation, maintenance, management, and develop-
 23 ment (including modernization) of one or more
 24 projects, without regard to the requirements ap-

1 plicable to public housing in the United States
2 Housing Act of 1937.

3 (2) APPLICABILITY OF STATE AND LOCAL
4 LAW.—In establishing policies under paragraph
5 (1)(B), agencies and resident management corpora-
6 tions shall be bound by any applicable State or local
7 law.

8 (3) TERM.—A demonstration may be approved
9 for a term of not more than 5 years.

10 (b) EXPEDITED WAIVERS AND DEREGULATION.—
11 The Secretary shall establish a system for expedited waiv-
12 ers of regulations for public housing agencies and resident
13 management corporations selected under this section.

14 (c) SELECTION OF AGENCIES AND RMCs.—The Sec-
15 retary may select not more than 25 public housing agen-
16 cies or resident management corporations (or a combina-
17 tion of both) to carry out demonstrations under this sec-
18 tion. The Secretary shall select agencies based on selection
19 criteria including such factors as—

20 (1) the need for a range of project sizes;

21 (2) the need for a range of types of public hous-
22 ing agencies and resident management corporations;
23 and

24 (3) the potential effects and benefits the vari-
25 ations proposed by the agency or resident manage-

1 ment corporation could have on the public housing
2 program if the variations were adopted for the whole
3 program.

4 (d) REQUIREMENTS FOR DEMONSTRATIONS.—Each
5 demonstration under this section—

6 (1) shall be approved by the Secretary;

7 (2) taken as a whole over the life of the dem-
8 onstration, shall not result in higher net costs to the
9 Federal Government;

10 (3) shall be consistent with the overall purposes
11 of the public housing program;

12 (4) shall be evaluated by an independent party;
13 and

14 (5) shall be consistent with the Fair Housing
15 Act, title VI of the Civil Rights Act of 1964, section
16 504 of the Rehabilitation Act of 1973, the Age Dis-
17 crimination Act of 1975, and the National Environ-
18 mental Policy Act of 1969.

19 (e) ADDITIONAL REQUIREMENTS.—In approving a
20 demonstration under this section, the Secretary may im-
21 pose such requirements as the Secretary considers to be
22 appropriate to further the purposes of the demonstration.

23 (f) REPORTS.—

24 (1) ANNUAL PROGRESS REPORTS.—For each
25 demonstration under this section, the public housing

1 agency or resident management corporation carrying
 2 out the demonstration shall submit an annual
 3 progress report to the Secretary.

4 (2) REPORTS TO CONGRESS.—Not later than 1
 5 year after the date on which each demonstration is
 6 completed, the Secretary shall submit a report to the
 7 Congress evaluating the results of the demonstration
 8 and making any recommendations for legislation.

9 (g) DEFINITIONS.—For purposes of this section, the
 10 following definitions shall apply:

11 (1) PUBLIC HOUSING AGENCY.—The term
 12 “public housing agency” or “agency” means a public
 13 housing agency, as defined in section 3(b)(6) of the
 14 United States Housing Act of 1937, and includes
 15 Indian housing authorities.

16 (2) RESIDENT MANAGEMENT CORPORATION.—
 17 “Resident management corporation” means a resi-
 18 dent management corporation established in accord-
 19 ance with requirements of the Secretary under sec-
 20 tion 20 of the United States Housing Act of 1937.

21 **SEC. 207. DISALLOWANCE OF EARNED INCOME FOR RESI-**
 22 **DENTS WHO OBTAIN EMPLOYMENT.**

23 (a) DISALLOWANCE OF EARNED INCOME FROM PUB-
 24 LIC HOUSING RENT DETERMINATIONS.—

1 (1) IN GENERAL.—Section 3 of the United
2 States Housing Act of 1937 (42 U.S.C. 1437a) is
3 amended—

4 (A) by striking the undesignated para-
5 graph at the end of subsection (c)(3) (as added
6 by section 515(b) of Public Law 101–625); and

7 (B) by adding at the end the following new
8 subsection:

9 “(d) DISALLOWANCE OF EARNED INCOME FROM
10 PUBLIC HOUSING RENT DETERMINATIONS.—

11 “(1) IN GENERAL.—Notwithstanding any other
12 provision of law, the rent payable under subsection
13 (a) by a family—

14 “(A) that—

15 “(i) occupies a unit in a public hous-
16 ing project; or

17 “(ii) receives assistance under section
18 8; and

19 “(B) whose income increases as a result of
20 employment of a member of the family who was
21 previously unemployed for 1 or more years (in-
22 cluding a family whose income increases as a
23 result of the participation of a family member
24 in the Family Self-Sufficiency Program or other
25 job training program);

1 may not be increased for a period of 18 months, be-
2 ginning with the commencement of employment as a
3 result of the increased income due to such employ-
4 ment.

5 “(2) TEN PERCENT LIMITATION.—After the ex-
6 piration of the 18-month period referred to in para-
7 graph (1), rent increases due to the continued em-
8 ployment of such a family member shall be not more
9 than 10 percent per year.

10 “(3) OVERALL LIMITATION.—Rent shall not ex-
11 ceed the amount determined under subsection (a).”.

12 (2) APPLICABILITY OF AMENDMENT.—

13 (A) PUBLIC HOUSING.—Notwithstanding
14 the amendment made by paragraph (1), any
15 resident of public housing participating in the
16 program under the authority contained in the
17 undesignated paragraph at the end of section
18 3(c)(3) of the United States Housing Act of
19 1937, as such paragraph existed before the date
20 of enactment of this Act, shall continue to be
21 governed by such authority.

22 (B) SECTION 8.—The amendment made by
23 paragraph (1) shall apply to assistance provided
24 under section 8 of the United States Housing

1 Act of 1937 with funds appropriated on or after
2 October 1, 1994.

3 (b) REPEAL.—Section 957 of the Cranston-Gonzalez
4 National Affordable Housing Act (42 U.S.C. 12714) is
5 hereby repealed.

6 **SEC. 208. CEILING RENTS BASED ON REASONABLE RENTAL**
7 **VALUE.**

8 (a) RENTAL PAYMENTS.—Section 3(a)(2)(A)(iii) of
9 the United States Housing Act of 1937 (42 U.S.C.
10 1437a(a)(2)(A)(iii)) is amended to read as follows:

11 “(iii) is not less than the reasonable
12 rental value of the unit, as determined by
13 the Secretary.”.

14 (b) REGULATIONS.—

15 (1) IN GENERAL.—The Secretary shall, by reg-
16 ulation, after notice and an opportunity for public
17 comment, establish such requirements as may be
18 necessary to carry out the provisions of section
19 3(a)(2)(A) of the United States Housing Act of
20 1937, as amended by subsection (a).

21 (2) TRANSITION RULE.—Prior to the issuance
22 of final regulations under paragraph (1), a public
23 housing agency may implement ceiling rents which
24 shall be—

1 (A) determined in accordance with section
2 3(a)(2)(A) of the United States Housing Act of
3 1937, as such section existed before the date of
4 enactment of this Act; or

5 (B) equal to the 95th percentile of the rent
6 paid for a unit of comparable size by tenants in
7 the same project or a group of comparable
8 projects totaling 50 units or more.

9 **SEC. 209. AUTHORIZATION TO SELL PUBLIC HOUSING TO**
10 **NONPROFIT ORGANIZATIONS.**

11 The first sentence of section 5(h) of the United
12 States Housing Act of 1937 (42 U.S.C. 1437c(h)) is
13 amended by striking “lower income tenants” and inserting
14 “low-income families or to nonprofit organizations for re-
15 sale to low-income families”.

16 **SEC. 210. WORKING FAMILIES IN PUBLIC HOUSING.**

17 Section 16 of the United States Housing Act of 1937
18 (42 U.S.C. 1437n) is amended—

19 (1) in subsection (a), by striking “25” and in-
20 serting “50”; and

21 (2) in subsection (b)(2), by striking “25” the
22 first place it appears and inserting “50”.

1 **Subtitle B—Severely Distressed**
 2 **Public Housing Program**

3 **SEC. 211. REVITALIZATION OF SEVERELY DISTRESSED PUB-**
 4 **LIC HOUSING.**

5 (a) SEVERELY DISTRESSED PUBLIC HOUSING.—Sec-
 6 tion 24 of the United States Housing Act of 1937 (42
 7 U.S.C. 1437v) is amended as follows:

8 (1) DESIGNATION OF ELIGIBLE PROJECTS.—

9 (A) Subsection (b) is amended to read as
 10 follows:

11 “(b) [RESERVED].”.

12 (B) Subsection (i)(2) is hereby repealed
 13 and paragraphs (3) and (4) of subsection (i)
 14 are redesignated as paragraphs (2) and (3), re-
 15 spectively.

16 (2) INCREASE PLANNING GRANT DOLLAR
 17 CAP.—Subsection (c)(2) is amended by striking
 18 “\$200,000” and inserting “\$500,000”.

19 (3) PLANNING GRANT ELIGIBLE ACTIVITIES.—
 20 Subsection (c)(3) is amended—

21 (A) in subparagraph (G), by striking “de-
 22 signing a suitable replacement housing plan”
 23 and inserting “designing suitable relocation and
 24 replacement housing plans,”;

1 (B) in subparagraph (H), by striking
2 “and” at the end;

3 (C) in subparagraph (I), by striking the
4 period at the end and inserting “; and”; and

5 (D) by adding at the end the following new
6 subparagraph:

7 “(J) planning for community service and
8 support service activities to be carried out by
9 the public housing agency, residents, members
10 of the community, and other persons and orga-
11 nizations willing to contribute to the social, eco-
12 nomic, or physical improvement of the commu-
13 nity (community service is a required element of
14 the revitalization program).”.

15 (4) PLANNING GRANT APPLICATION; COMMU-
16 NITY SERVICE.—Subsection (c)(4) is amended—

17 (A) in subparagraph (D), by striking
18 “and” at the end;

19 (B) in subparagraph (E), by striking the
20 period at the end and inserting “; and”; and

21 (C) by adding at the end the following new
22 subparagraph:

23 “(F) a description of the community serv-
24 ice and support service planning activities to be
25 carried out by the public housing agency, resi-

dents, members of the community, and other persons and organizations willing to contribute to the social, economic, or physical improvement of the community.”.

(5) PLANNING GRANT SELECTION CRITERIA: NATIONAL GEOGRAPHIC DIVERSITY.—Subsection (c)(5) is amended—

(A) in subparagraph (F), by inserting “, taking into account the condition of the stock of the public housing agency as a whole” before the semicolon;

(B) by striking subparagraph (E) and redesignating subparagraphs (F) and (G) as subparagraphs (E) and (F), respectively; and

(C) by adding at the end the following flush sentence:

“In making grants under this subsection, the Secretary may select a lower-rated, approvable application over a higher-rated application to increase the national geographic diversity among applications approved under this section.”.

(6) APPROVAL OF PROGRAMS OF COMMUNITY SERVICE ACTIVITIES BY THE CORPORATION FOR NATIONAL AND COMMUNITY SERVICE.—

1 (A) PLANNING GRANT APPLICATIONS.—

2 Subsection (c)(6) is amended by adding at the
3 end the following: “The Secretary may not ap-
4 prove an application under this subsection un-
5 less the Corporation for National and Commu-
6 nity Service has approved the proposed program
7 of community service planning activities.”.

8 (B) IMPLEMENTATION GRANT APPLICA-

9 TIONS.—Subsection (d)(5) is amended by in-
10 sserting at the end the following: “The Secretary
11 may not approve an application under this sub-
12 section unless the Corporation for National and
13 Community Service has approved the proposed
14 program of community service activities.”.

15 (7) IMPLEMENTATION GRANT ELIGIBLE ACTIVI-

16 TIES.—Subsection (d)(2) is amended—

17 (A) in subparagraph (H), by striking
18 “and” at the end;

19 (B) in subparagraph (I)—

20 (i) by inserting before the period the
21 following: “, except that an amount equal
22 to 15 percent of the amount of any grant
23 under this subsection used for support
24 services shall be contributed from non-Fed-
25 eral sources (which contribution shall be in

1 the form of cash, administrative costs, and
 2 the reasonable value of in-kind contribu-
 3 tions)’’; and

4 (ii) by striking the period at the end
 5 and inserting ‘‘; and’’; and

6 (C) by adding at the end the following new
 7 subparagraphs:

8 ‘‘(J) community service and support serv-
 9 ice activities to be carried out by the public
 10 housing agency, residents, members of the com-
 11 munity, and other persons willing to contribute
 12 to the social, economic, or physical improvement
 13 of the community (community service is a re-
 14 quired element of the revitalization program);
 15 and

16 ‘‘(K) replacement of public housing
 17 units.’’.

18 (8) IMPLEMENTATION GRANT APPLICATIONS:
 19 COMMUNITY SERVICE.—Subsection (d)(3) is amend-
 20 ed—

21 (A) in subparagraph (D), by striking
 22 ‘‘and’’ at the end;

23 (B) in subparagraph (E), by striking the
 24 period at the end and inserting ‘‘; and’’; and

1 (C) by adding at the end the following new
2 subparagraph:

3 “(F) a description of the community serv-
4 ice and support activities to be carried out by
5 the public housing agency, residents, members
6 of the community, and other persons and orga-
7 nizations willing to contribute to the social, eco-
8 nomic, or physical improvement of the commu-
9 nity.”.

10 (9) IMPLEMENTATION GRANT SELECTION CRI-
11 TERIA: NATIONAL GEOGRAPHIC DIVERSITY.—Sub-
12 section (d)(4) is amended—

13 (A) in subparagraph (D), by inserting
14 “(with assistance from the Department of
15 Housing and Urban Development if necessary)”
16 after “applicant”;

17 (B) by striking subparagraph (E) and re-
18 designating subparagraphs (F) and (G) as sub-
19 paragraphs (E) and (F), respectively;

20 (C) in subparagraph (E), as redesignated,
21 by inserting “, taking into account the condi-
22 tion of the applicant’s stock as a whole” before
23 the semicolon; and

24 (D) by adding at the end the following
25 flush sentence: “In making grants under this

1 subsection, the Secretary may select a lower
2 rated, approvable application over a higher
3 rated application to increase the national geo-
4 graphic diversity among applications approved
5 under this section.”.

6 (10) EXCEPTIONS TO GENERAL PROGRAM RE-
7 QUIREMENTS.—Subsection (e) is amended by adding
8 at the end the following new paragraph:

9 “(3) DEMOLITION AND REPLACEMENT.—

10 “(A) IN GENERAL.—Notwithstanding any
11 other applicable law or regulation, a revitaliza-
12 tion plan under this section may include demoli-
13 tion and replacement—

14 “(i) onsite;

15 “(ii) in the same neighborhood if the
16 number of replacement units provided in
17 the same neighborhood is fewer than the
18 number of units demolished as a result of
19 the revitalization effort; or

20 “(iii) on any other site in an area in
21 which the concentration of minority indi-
22 viduals or of individuals with incomes
23 below the poverty level is materially less
24 than that of the units being replaced.

1 “(B) TENANT-BASED ASSISTANCE.—Not-
2 withstanding the limitations contained in sub-
3 paragraph (A)(v) or (C) of section 18(b)(3), a
4 public housing agency may replace not more
5 than one-third of the units demolished or dis-
6 posed of through a revitalization project under
7 this section with tenant-based assistance.”.

8 (11) DEFINITIONS.—

9 (A) SEVERELY DISTRESSED PUBLIC HOUS-
10 ING.—Subsection (h)(5) is amended to read as
11 follows:

12 “(5) SEVERELY DISTRESSED PUBLIC HOUS-
13 ING.—The term ‘severely distressed public housing’
14 means a public housing development or a building in
15 a development that—

16 “(A) requires major redesign, reconstruc-
17 tion, redevelopment, or partial or total demoli-
18 tion to correct serious deficiencies in the origi-
19 nal design (including inappropriately high popu-
20 lation density), deferred maintenance, physical
21 deterioration or obsolescence of major systems,
22 and other deficiencies in the physical plant of
23 the development; and

24 “(B) either—

1 “(i)(I) is occupied predominantly by
2 families with children that have extremely
3 low incomes, high rates of unemployment,
4 and extensive dependency on various forms
5 of public assistance; and

6 “(II) has high rates of vandalism and
7 criminal activity (including drug-related
8 criminal activity; or

9 “(ii) that has a vacancy rate, as deter-
10 mined by the Secretary, of 50 percent or
11 more;

12 “(C) cannot be revitalized through assist-
13 ance under other programs, such as the pro-
14 grams under sections 9 and 14, or through
15 other administrative means because of the inad-
16 equacy of available funds; and

17 “(D) in the case of individual buildings,
18 the building is, in the Secretary’s determina-
19 tion, sufficiently separable from the remainder
20 of the project to make use of the building fea-
21 sible for purposes of this section.”.

22 (B) COMMUNITY SERVICE.—Subsection (h)
23 is amended by adding at the end the following
24 new paragraphs:

1 “(6) COMMUNITY SERVICE.—The term ‘commu-
2 nity service’ means services provided on a volunteer
3 basis or limited stipend basis for the social, eco-
4 nomic, or physical improvement of the community to
5 be served, including the opportunity for the upward
6 mobility of participants providing the community
7 service, through completion of education require-
8 ments, job training, or alternative methods of devel-
9 oping skills and job readiness.

10 “(7) SUPPORT SERVICES.—The term ‘support
11 services’ includes all activities designed to lead to-
12 ward upward mobility, self-sufficiency, and improved
13 quality of life for the residents of the project, such
14 as literacy training, job training, day care, and eco-
15 nomic development. Such activities may allow for the
16 participation of residents of the neighborhood.”.

17 (12) TECHNICAL ASSISTANCE.—Section 24 is
18 amended by adding at the end the following new
19 subsection:

20 “(j) TECHNICAL ASSISTANCE.—The Secretary may
21 use not more than 0.5 percent of amounts appropriated
22 for assistance under this section to provide technical as-
23 sistance to grantees. Such technical assistance may be
24 made available directly, or indirectly through contracts,
25 grants, and cooperative agreements, as appropriate.”.

1 (b) USE OF TENANT-BASED ASSISTANCE FOR RE-
2 PLACEMENT HOUSING.—Section 18(b)(3)(C)(i) of the
3 United States Housing Act of 1937 (42 U.S.C.
4 1437p(b)(3)(C)(i)) is amended by striking “15-year”.

5 (c) REPLACEMENT HOUSING OUTSIDE THE JURIS-
6 DICTION OF THE PHA.—Section 18(b)(3) of the United
7 States Housing Act of 1937 (42 U.S.C. 1437p(b)(3)) is
8 amended—

9 (1) in subparagraph (G), by striking “and” at
10 the end;

11 (2) in subparagraph (H), by adding “and” at
12 the end; and

13 (3) by adding at the end the following new sub-
14 paragraph:

15 “(I) may provide that all or part of such
16 additional dwelling units may be located outside
17 the jurisdiction of the public housing agency
18 (hereafter in this section referred to as the
19 ‘original agency’) if—

20 “(i) the location is in the same hous-
21 ing market area as the original agency, as
22 determined by the Secretary;

23 “(ii) the plan contains an agreement
24 between the original agency and the public
25 housing agency in the alternate location or

1 other public or private entity that will be
2 responsible for providing the additional
3 units in the alternate location (hereafter in
4 this section referred to as the ‘alternate
5 agency or entity’) that the alternate agency
6 or entity will, with respect to the dwelling
7 units involved—

8 “(I) provide the dwelling units in
9 accordance with subparagraph (A);

10 “(II) complete the plan on sched-
11 ule in accordance with subparagraph
12 (E);

13 “(III) meet the requirements of
14 subparagraph (F) and the maximum
15 rent provisions of subparagraph (G);
16 and

17 “(IV) not impose a local resi-
18 dency preference on any resident of
19 the jurisdiction of the original agency
20 for purposes of admission to any such
21 units; and

22 “(iii) the arrangement is approved by
23 the unit of general local government for
24 the jurisdiction in which the additional
25 units will be located;”.

1 **SEC. 212. MODERNIZATION PROGRAM RESERVE FUNDS.**

2 Section 14(k)(1) of the United States Housing Act
 3 of 1937 (42 U.S.C. 1437l(k)(1)) is amended by adding
 4 after the first sentence the following: “In each fiscal year,
 5 any amounts set aside for grants under this paragraph
 6 that remain unreserved at the end of the fiscal year may
 7 be used for modernization needs in connection with the
 8 settlement of litigation and desegregation of public hous-
 9 ing.”.

10 **SEC. 213. ELIGIBILITY OF SEVERELY DISTRESSED PUBLIC**
 11 **HOUSING FOR PUBLIC HOUSING OPERATING**
 12 **SUBSIDIES.**

13 Section 9(a)(2) of the United States Housing Act of
 14 1937 (42 U.S.C. 1437g(a)(2)) is amended by striking “de-
 15 veloped pursuant” and all that follows through “section
 16 8,” inserting the following: “that is—

17 “(A) developed pursuant to a contributions
 18 contract authorized by section 5 but is not sub-
 19 ject to section 8; or

20 “(B) assisted under section 24 or the pro-
 21 gram authorized under—

22 “(i) the third paragraph of the head-
 23 ing, ‘HOMEOWNERSHIP AND OPPORTUNITY
 24 FOR PEOPLE EVERYWHERE GRANTS (HOPE
 25 GRANTS)’, of the Department of Veterans
 26 Affairs and Housing and Urban Develop-

ment, and Independent Agencies Appropriations Act, 1993; or

“(ii) the heading, ‘SEVERELY DISTRESSED PUBLIC HOUSING PROJECTS’, of the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1994;”.

Subtitle C—Anti-Crime Initiatives

SEC. 221. COMMUNITY PARTNERSHIPS AGAINST CRIME.

(a) CONFORMING PROVISIONS.—Section 5001 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901) is amended in the table of contents—

(1) by striking the item relating to chapter 2 and inserting the following:

“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;

(2) by striking the item relating to section 5122 and inserting the following:

“Sec. 5122. Purposes.”;

and

(3) by adding after the item relating to section 5130 the following:

“Sec. 5131. Technical assistance.”.

(b) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—The Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) is

1 amended by striking the chapter heading for chapter 2,
 2 and sections 5121, 5122, and 5123, and inserting the fol-
 3 lowing:

4 **“CHAPTER 2—COMMUNITY PARTNERSHIPS**
 5 **AGAINST CRIME**

6 **“SEC. 5121. SHORT TITLE.**

7 “‘This chapter may be cited as the ‘Community Part-
 8 nerships Against Crime Act of 1994’.

9 **“SEC. 5122. PURPOSES.**

10 “‘The purposes of this chapter are to—

11 “(1) improve the quality of life for law-abiding
 12 public housing residents by reducing the levels of
 13 fear, violence, and crime in their communities;

14 “(2) expand and enhance the Federal Govern-
 15 ment’s commitment to eliminating crime in public
 16 housing;

17 “(3) broaden the scope of the Public and As-
 18 sisted Housing Drug Elimination Act of 1990 to
 19 apply to all types of crime, and not simply crime
 20 that is drug-related;

21 “(4) target opportunities for long-term commit-
 22 ments of funding primarily to public housing agen-
 23 cies with serious crime problems;

24 “(5) encourage the involvement of a broad
 25 range of community-based groups, and residents of

1 neighboring housing that is owned or assisted by the
2 Secretary, in the development and implementation of
3 anti-crime plans;

4 “(6) reduce crime and disorder in and around
5 public housing through the expansion of community-
6 oriented policing activities and problem-solving;

7 “(7) provide training, information services, and
8 other technical assistance to program participants;
9 and

10 “(8) establish a standardized assessment sys-
11 tem to evaluate need among public housing agencies,
12 and to measure progress in reaching crime reduction
13 goals.

14 **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

15 “(a) IN GENERAL.—The Secretary of Housing and
16 Urban Development, in accordance with the provisions of
17 this chapter, may make grants, for use in eliminating
18 crime in and around public and other federally assisted
19 low-income housing projects—

20 “(1) to public housing agencies (including In-
21 dian housing authorities); and

22 “(2) to private, for-profit, and nonprofit owners
23 of federally assisted low-income housing.

1 “(b) CONSULTATION.—In designing the grant pro-
2 gram under this section, the Secretary shall consult with
3 the Attorney General.”.

4 (c) ELIGIBLE ACTIVITIES.—Section 5124 of the Pub-
5 lic and Assisted Housing Drug Elimination Act of 1990
6 (42 U.S.C. 11903) is amended—

7 (1) in subsection (a)—

8 (A) in the introductory material preceding
9 paragraph (1), by inserting “and around” after
10 “used in”;

11 (B) in paragraph (3), by inserting “, such
12 as fencing, lighting, locking, and surveillance
13 systems and costs of renovation to current
14 structures for the purposes of establishing po-
15 lice substations on the premises of public hous-
16 ing developments” before the semicolon;

17 (C) in paragraph (4), by striking subpara-
18 graph (A) and inserting the following:

19 “(A) to investigate crime; and”;

20 (D) in paragraph (6)—

21 (i) by striking “in and around public
22 or other federally assisted low-income
23 housing projects”; and

24 (ii) by striking “and” after the semi-
25 colon;

1 (E) in paragraph (7)—

2 (i) by striking “where a public hous-
3 ing agency receives a grant,”;

4 (ii) by striking “drug abuse” and in-
5 serting “crime”; and

6 (iii) by striking the period at the end
7 and inserting a semicolon; and

8 (F) by adding at the end the following new
9 paragraphs:

10 “(8) the employment or utilization of one or
11 more individuals, including law enforcement officers,
12 made available by contract or other cooperative ar-
13 rangement with State or local law enforcement agen-
14 cies, to engage in community policing involving
15 interaction with members of the community on
16 proactive crime control and prevention;

17 “(9) youth initiatives, such as activities involv-
18 ing training, education, after-school programs, cul-
19 tural programs, recreation and sports, career plan-
20 ning, and entrepreneurship and employment; and

21 “(10) resident services programs, such as job
22 training, education programs, drug and alcohol
23 treatment, and other appropriate social services that
24 address the contributing factors of crime.”; and

1 (2) in subsection (b), by striking “(7)” and in-
2 serting “(10)”.

3 (d) APPLICATIONS.—Section 5125 of the Public and
4 Assisted Housing Drug Elimination Act of 1990 (42
5 U.S.C. 11904) is amended—

6 (1) in subsection (a)—

7 (A) by striking “To receive a grant” and
8 inserting the following:

9 “(1) APPLICATIONS.—To receive a grant”;

10 (B) in the second sentence, by striking
11 “drug-related crime on the premises of” and in-
12 serting the following: “crime in and around”;
13 and

14 (C) by adding at the end the following new
15 paragraphs:

16 “(2) ONE-YEAR RENEWABLE GRANTS.—

17 “(A) IN GENERAL.—Eligible applicants
18 may submit an application for a 1-year grant
19 under this chapter that, subject to the availabil-
20 ity of appropriated amounts, shall be renewed
21 annually for a period of not more than 4 years,
22 if the Secretary finds, after an annual or more
23 frequent performance review, that the public
24 housing agency is performing under the terms
25 of the grant and applicable laws in a satisfac-

1 tory manner and meets such other requirements
2 as the Secretary may prescribe.

3 “(B) PREFERENCE.—The Secretary shall
4 accord a preference to an applicant for a grant
5 under this paragraph if the grant is to be used
6 to continue or expand activities eligible for as-
7 sistance under this chapter that have received
8 previous assistance either under this chapter
9 (as it existed prior to the enactment of the
10 Housing Choice and Community Investment
11 Act of 1994), or under section 14 of the United
12 States Housing Act of 1937. Such preference
13 shall not preclude the selection by the Secretary
14 of other meritorious applications that address
15 urgent or severe crime problems. Such pref-
16 erence shall not be construed to require con-
17 tinuation of activities determined by the Sec-
18 retary to be unworthy of continuation.

19 “(3) PUBLIC HOUSING AGENCIES THAT HAVE
20 ESPECIALLY SEVERE CRIME PROBLEMS.—The Sec-
21 retary shall, by regulation issued after notice and
22 opportunity for public comment, set forth criteria for
23 establishing a class of public housing agencies that
24 have especially severe crime problems. The Secretary
25 may allocate a portion of the annual appropriation

1 for the program under this chapter for public hous-
2 ing agencies in this class.”;

3 (2) in subsection (b)—

4 (A) by striking the material preceding
5 paragraph (1) and inserting the following: “The
6 Secretary shall approve applications under sub-
7 section (a)(2) that are not subject to a pref-
8 erence under subsection (a)(2)(B) on the basis
9 of—”;

10 (B) in paragraph (1), by striking “drug-re-
11 lated crime problem in” and inserting “crime
12 problem in and around”;

13 (C) in paragraph (2), by inserting “and
14 around” immediately after “crime problem in”;
15 and

16 (D) in paragraph (4), by inserting after
17 “local government” the following: “, local com-
18 munity-based nonprofit organizations, local resi-
19 dent organizations that represent the residents
20 of neighboring projects that are owned or as-
21 sisted by the Secretary,”;

22 (3) in subsection (c)(2), by striking “drug-
23 related” each place it appears; and

24 (4) by striking subsection (d).

1 (e) DEFINITIONS.—Section 5126 of the Public and
2 Assisted Housing Drug Elimination Act of 1990 (42
3 U.S.C. 11905) is amended by striking paragraphs (1) and
4 (2), and redesignating paragraphs (3) and (4) as para-
5 graphs (1) and (2), respectively.

6 (f) IMPLEMENTATION.—Section 5127 of the Public
7 and Assisted Housing Drug Elimination Act of 1990 (42
8 U.S.C. 11908) is amended by striking “Cranston-Gonzalez
9 National Affordable Housing Act” and inserting “Housing
10 Choice and Community Investment Act of 1994”.

11 (g) REPORTS.—Section 5128 of the Public and As-
12 sisted Housing Drug Elimination Act of 1990 (42 U.S.C.
13 11907) is amended—

14 (1) by striking “The Secretary” and inserting
15 the following:

16 “(a) GRANTEE REPORTS.—The Secretary”;

17 (2) by striking “drug-related crime in” and in-
18 serting “crime in and around”; and

19 (3) by adding at the end the following new sub-
20 section:

21 “(b) HUD REPORTS.—The Secretary shall submit a
22 report to the Congress describing the system used to dis-
23 tribute funds to grantees under this section. Such report
24 shall include—

1 “(1) a description of the criteria used to estab-
 2 lish the class of public housing agencies with espe-
 3 cially severe crime problems and a list of such agen-
 4 cies;

5 “(2) the methodology used to distribute funds
 6 among the public housing agencies on the list cre-
 7 ated under paragraph (1); and

8 “(3) the Secretary’s recommendations for any
 9 change to the method of distribution of funds.”.

10 (h) AUTHORIZATION OF APPROPRIATIONS.—Section
 11 5130 of the Public and Assisted Housing Drug Elimini-
 12 nation Act of 1990 (42 U.S.C. 11909) is amended—

13 (1) in the first sentence of subsection (a), by
 14 striking “\$175,000,000 for fiscal year 1993” and all
 15 that follows before the period and inserting
 16 “\$265,000,000 for fiscal year 1995, and
 17 \$272,950,000 for fiscal year 1996”;

18 (2) in subsection (b)—

19 (A) in the heading, by striking “SET-
 20 ASIDES” and inserting “SET-ASIDE”; and

21 (B) by striking the second sentence; and

22 (3) by adding at the end the following new sub-
 23 section:

24 “(d) SET-ASIDE FOR PUBLIC-PRIVATE PARTNER-
 25 SHIPS.—Of amounts made available in any fiscal year to

1 carry out this chapter, 2 percent shall be available for con-
 2 tracts, grants, cooperative agreements, or interagency
 3 agreements with public housing agencies (including Indian
 4 housing authorities) and other public or private organiza-
 5 tions, to implement programs which involve joint invest-
 6 ment by the public and private sectors to conduct activities
 7 designed to reduce crime and violence in public housing.
 8 Such activities may include the creation of pilot programs
 9 or the replication of successful existing programs.”.

10 (i) REPEAL.—Section 520(k) of the Cranston-Gon-
 11 zalez National Affordable Housing Act (42 U.S.C.
 12 11903a(k)) is hereby repealed.

13 (j) TECHNICAL ASSISTANCE.—The Public and As-
 14 sisted Housing Drug Elimination Act of 1990 (42 U.S.C.
 15 11901 et seq.) is amended by adding at the end the follow-
 16 ing new section:

17 **“SEC. 5131. TECHNICAL ASSISTANCE.**

18 “Of the amounts appropriated annually for each of
 19 fiscal years 1995 and 1996 to carry out this chapter, the
 20 Secretary shall use not more than \$10,000,000, directly
 21 or indirectly, under grants, contracts, or cooperative
 22 agreements, to provide training, information services, and
 23 other technical assistance to public housing agencies and
 24 other entities with respect to their participation in the pro-
 25 gram authorized by this chapter. Such technical assistance

1 may include the establishment and operation of the clear-
 2 inghouse on crime in public housing and the regional
 3 training program on crime prevention in public housing.
 4 The Secretary may also use the foregoing amounts for ob-
 5 taining assistance in establishing and managing assess-
 6 ment and evaluation criteria and specifications, and for
 7 obtaining the opinions of experts in relevant fields. The
 8 Secretary may use not more than \$1,000,000 from the
 9 amounts provided under this section to make grants to
 10 public housing agencies for residential police programs
 11 under section 519 of the Cranston-Gonzalez National Af-
 12 fordable Housing Act.”.

13 **SEC. 222. POLICE IN PUBLIC HOUSING.**

14 Section 519 of the Cranston-Gonzalez National Af-
 15 fordable Housing Act (42 U.S.C. 1437a-1) is amended by
 16 inserting in subsection (d) after the word “requirements”
 17 the second place it appears the following: “(including sub-
 18 stantially reduced rents or at no charge)”.

19 **SEC. 223. AVAILABILITY OF CRIMINAL RECORDS FOR**
 20 **SCREENING AND EVICTION.**

21 Section 6 of the United States Housing Act of 1937
 22 (42 U.S.C. 1437d) is amended by adding at the end the
 23 following new subsection:

24 “(p) AVAILABILITY OF RECORDS.—

1 “(1) IN GENERAL.—Notwithstanding any other
2 provision of law, the National Crime Information
3 Center, a police department, and any other law en-
4 forcement agency shall, upon request, provide infor-
5 mation to public housing agencies regarding the
6 criminal conviction records of adult applicants for,
7 or residents of, public housing for purpose of appli-
8 cant screening, lease enforcement, and eviction. Such
9 information may not include information regarding
10 any criminal conviction of such an applicant or ten-
11 ant for any act (or failure to act) that occurred more
12 than 5 years in the past.

13 “(2) OPPORTUNITY TO DISPUTE.—Before an
14 adverse action is taken on the basis of a criminal
15 record, the agency shall provide the tenant or appli-
16 cant a copy of the record and an opportunity to dis-
17 pute its accuracy and relevance.

18 “(3) FEE.—An agency may be charged a rea-
19 sonable fee for such information.

20 “(4) RECORDS MANAGEMENT.—The Secretary
21 shall require each public housing agency to establish
22 and implement a system of records management
23 that ensures that any criminal records it receives are
24 maintained confidentially, are not misused or im-
25 properly disseminated, and are destroyed once the

1 purpose for which they were requested has been
2 completed.

3 “(5) DEFINITION.—For purposes of this sub-
4 section, the term ‘adult’ means a person who is 18
5 years or older, or who has been convicted of a crime
6 as an adult under Federal or State law.”.

7 **Subtitle D—Authorizations and** 8 **Extensions**

9 **SEC. 231. LOW-INCOME HOUSING.**

10 (a) AGGREGATE BUDGET AUTHORITY.—Section
11 5(c)(6) of the United States Housing Act of 1937 (42
12 U.S.C. 1437c(c)(6)) is amended by adding at the end the
13 following new sentence: “The aggregate amount of budget
14 authority that may be obligated for assistance referred to
15 in paragraph (7) is increased (to the extent approved in
16 appropriation Acts) by not less than \$10,531,176,000 on
17 October 1, 1995, and by not less than \$10,760,505,000
18 on October 1, 1996.”.

19 (b) UTILIZATION OF BUDGET AUTHORITY.—Section
20 5(c)(7) of the United States Housing Act of 1937 (42
21 U.S.C. 1437c(c)(7)) is amended by striking the paragraph
22 designation and all that follows through the end of sub-
23 paragraph (B) and inserting the following:

24 “(7) UTILIZATION OF BUDGET AUTHORITY.—

1 “(A) FISCAL YEAR 1995.—Using the addi-
2 tional budget authority provided under para-
3 graph (6) and the balances of budget authority
4 that become available during fiscal year 1995,
5 the Secretary shall, to the extent approved in
6 appropriation Acts, reserve authority to enter
7 into obligations aggregating—

8 “(i) for public housing grants under
9 subsection (a)(2), not more than
10 \$938,000,000, of which amount not more
11 than \$263,000,000 shall be available for
12 Indian housing;

13 “(ii) for assistance under section 8,
14 not more than \$1,950,000,000, of which
15 \$350,000,000 shall be available for con-
16 tracts with terms of not more than 15
17 years under the Community Investment
18 Demonstration Program under section 6 of
19 the HUD Demonstration Act of 1993;

20 “(iii) for modernization grants under
21 section 14(k), not more than
22 \$3,440,000,000, including \$15,000,000 for
23 training and technical assistance;

1 “(iv) for assistance under section 8
2 for loan management, not more than
3 \$150,000,000;

4 “(v) such sums as may be necessary
5 for extensions of contracts expiring under
6 section 8, which shall be for contracts for
7 assistance under section 8 and vouchers
8 under section 8(o) and for loan manage-
9 ment assistance under such section;

10 “(vi) for amendments to contracts
11 under section 8, \$950,000,000;

12 “(vii) for adjustments to annual con-
13 tributions contracts for the costs of provid-
14 ing service coordinators under section
15 9(a)(1)(B)(ii), not more than \$55,000,000;

16 “(viii) for public housing lease adjust-
17 ments, \$21,900,000;

18 “(ix) for assistance under section
19 18(e) for replacement housing for units de-
20 molished or disposed of under section 18,
21 and for eligible tenants where project own-
22 ers opt out of the section 8 program, not
23 more than \$82,916,000;

24 “(x) for conversions for leased hous-
25 ing contracts under section 23 (as in effect

1 immediately before the date of enactment
2 of the Housing and Community Develop-
3 ment Act of 1974) to assistance under sec-
4 tion 8, not more than \$3,960,000; and

5 “(xi) for grants under section 24 for
6 revitalization of severely distressed public
7 housing, not more than \$500,000,000.

8 “(B) FISCAL YEAR 1996.—Using the addi-
9 tional budget authority provided under para-
10 graph (6) and the balances of budget authority
11 that become available during fiscal year 1996,
12 the Secretary shall, to the extent approved in
13 appropriation Acts, reserve authority to enter
14 into obligations aggregating—

15 “(i) for public housing grants under
16 subsection (a)(2), not more than
17 \$966,140,000, of which amount not more
18 than \$270,890,000 shall be available for
19 Indian housing;

20 “(ii) for assistance under section 8,
21 not more than \$1,998,000,000 of which
22 \$350,000 shall be available for 15-year
23 contracts for the Community Investment
24 Demonstration program under section 6 of
25 the HUD Demonstration Act of 1993;

1 “(iii) for modernization grants under
2 section 14(k), not more than
3 \$3,543,200,000, including \$15,000,000 for
4 training and technical assistance;

5 “(iv) for assistance under section 8
6 for loan management, not more than
7 \$150,000,000;

8 “(v) for extensions of contracts expir-
9 ing under section 8, such sums as may be
10 necessary, which shall be for contracts for
11 assistance under section 8 and vouchers
12 under section 8(o) and for loan manage-
13 ment assistance under such section;

14 “(vi) for amendments to contracts
15 under section 8, such sums as may be nec-
16 essary;

17 “(vii) for adjustments to annual con-
18 tributions contracts for the costs of provid-
19 ing service coordinators under section
20 9(a)(1)(B)(ii), not more than \$55,000,000;

21 “(viii) for public housing lease adjust-
22 ments, \$21,900,000;

23 “(ix) for assistance under section
24 18(e) for replacement housing for units de-
25 molished or disposed of under section 18,

1 and for eligible tenants where project own-
 2 ers opt out of the section 8 program, not
 3 more than \$85,403,000;

4 “(x) for conversions from leased hous-
 5 ing contracts under section 23 (as in effect
 6 immediately before the date of enactment
 7 of the Housing and Community Develop-
 8 ment Act of 1974) to assistance under sec-
 9 tion 8, not more than \$3,960,000; and

10 “(xi) for grants under section 24 for
 11 revitalization of severely distressed public
 12 housing, not more than \$515,000,000.”.

13 **SEC. 232. PUBLIC HOUSING OPERATING SUBSIDIES.**

14 Section 9(c) of the United States Housing Act of
 15 1937 (42 U.S.C. 1437g(c)) is amended—

16 (1) by striking paragraph (1) and inserting the
 17 following:

18 “(1) AUTHORIZATION OF APPROPRIATIONS.—
 19 There are authorized to be appropriated for pur-
 20 poses of providing annual contributions under this
 21 section \$2,950,000,000 for fiscal year 1995 and
 22 \$3,038,500,000 for fiscal year 1996.”;

23 (2) in paragraph (2), by striking “1993 and
 24 1994” and inserting “1995 and 1996”; and

1 (3) in paragraph (3), by striking “1993 and
2 1994” and inserting “1995 and 1996”.

3 **SEC. 233. FAMILY SELF-SUFFICIENCY PROGRAM.**

4 The third sentence of section 23(h)(2) of the United
5 States Housing Act of 1937 (42 U.S.C. 1437u(h)(2)) is
6 amended to read as follows: “Of amounts appropriated
7 under section 9(c), \$8,400,000 for fiscal year 1995 and
8 \$8,652,000 for fiscal year 1996 may be used for costs
9 under this paragraph.”.

10 **SEC. 234. FAMILY INVESTMENT AND ECONOMIC OPPOR-**
11 **TUNITY CENTERS.**

12 Section 22 of the United States Housing Act of 1937
13 (42 U.S.C. 1437t) is amended to read as follows:

14 **“SEC. 22. FAMILY INVESTMENT AND ECONOMIC OPPOR-**
15 **TUNITY CENTERS**

16 “(a) PURPOSE.—The purpose of this section is to
17 provide low-income households and families living in or
18 near public housing with better access to educational and
19 employment opportunities to achieve self-sufficiency by—

20 “(1) developing facilities in or near public hous-
21 ing for training and support services;

22 “(2) mobilizing public and private resources to
23 expand and improve the delivery of such services;

1 “(3) providing funding for such essential train-
2 ing and support services that cannot otherwise be
3 funded; and

4 “(4) providing services which will link low-in-
5 come families with jobs generated by housing and
6 community development assistance as required under
7 section 3 of the Housing and Urban Development
8 Act of 1968.

9 “(b) ELIGIBLE APPLICANTS.—The Secretary may
10 make grants to State or local governments, to their agen-
11 cies, public housing agencies (including Indian housing au-
12 thorities), public or private nonprofit organizations or in-
13 stitutions (including community action agencies), or public
14 or private entities that are administering or will admin-
15 ister family investment or economic opportunity centers
16 that meet the purposes expressed in subsection (a).

17 “(c) ELIGIBLE ACTIVITIES.—A grant under this sec-
18 tion may be used to support activities, including—

19 “(1) establishing family investment or economic
20 opportunity centers through—

21 “(A) the renovation, conversion, or com-
22 bination of vacant dwelling units in a public
23 housing project to create common areas to ac-
24 commodate the provision of supportive services;

1 “(B) the renovation of existing common
2 areas in a public housing project to accommo-
3 date the provision of supportive services; and

4 “(C) the renovation, acquisition, or con-
5 struction of facilities near the premises of pub-
6 lic housing projects to accommodate the provi-
7 sion of supportive services; and

8 “(2) providing services to low-income residents
9 living in or around public housing through—

10 “(A) the provision of not more than 15
11 percent of the cost of the supportive services
12 only if the applicant demonstrates to the satis-
13 faction of the Secretary that—

14 “(i) the supportive services are appro-
15 priate to improve the access of the eligible
16 residents to employment and education op-
17 portunities; and

18 “(ii) the applicant has made diligent
19 efforts to use or obtain other available re-
20 sources to fund or provide services; and

21 “(B) the employment of service coordina-
22 tors, subject to such minimum qualifications
23 and standards as the Secretary may establish,
24 who may be responsible for—

1 “(i) assessing the training, service
2 needs, and education of eligible residents;

3 “(ii) working with service providers to
4 coordinate the provision of services and
5 tailor such services to the needs and char-
6 acteristics of eligible public housing resi-
7 dents;

8 “(iii) establishing a job bank of posi-
9 tions in connection with programs subject
10 to this section;

11 “(iv) providing access to services for
12 persons having no or limited proficiency in
13 English;

14 “(v) assisting residents in the prepa-
15 ration of job applications or applications
16 for educational programs;

17 “(vi) assisting contractors, contractor
18 associations, and joint labor-management
19 committees to develop and fund training
20 and apprenticeship initiatives and pro-
21 grams;

22 “(vii) providing information about the
23 requirements of section 3 of the Housing
24 and Urban Development Act of 1968 and
25 economic opportunities to resident councils,

1 resident management corporations, neigh-
2 borhood groups, and community-based or-
3 ganizations;

4 “(viii) providing links with related
5 government and private programs that
6 fund the startup costs of businesses;

7 “(ix) mobilizing public and private re-
8 sources to ensure that the supportive serv-
9 ices identified pursuant to subsection
10 (g)(2) can be funded over the time period
11 under such subsection;

12 “(x) performing such other duties and
13 functions that the Secretary determines
14 are appropriate to provide families living in
15 or near public housing with better access
16 to educational and employment opportuni-
17 ties; and

18 “(xi) identifying opportunities for low-
19 income residents living in or near public
20 housing to access jobs created by Federal
21 housing and community development pro-
22 grams.

23 “(d) SELECTION CRITERIA.—The Secretary shall es-
24 tablish selection criteria for grants under this section,
25 which shall take into account—

1 “(1) the demonstrated ability of the applicant
2 to provide or access the supportive services identified
3 under subsection (g)(2);

4 “(2) the need for such services in the appli-
5 cant’s service area;

6 “(3) the extent to which the renovation, conver-
7 sion, and combination activities are appropriate and
8 necessary to facilitate the provision of such services;

9 “(4) the extent to which the applicant has dem-
10 onstrated that such services will be provided for the
11 period identified under subsection (g)(2);

12 “(5) the extent to which the applicant has a
13 good record of maintaining and operating public
14 housing or other Federal programs;

15 “(6) the ability of the applicant to—

16 “(A) develop, provide or access employ-
17 ment development skills to low-income persons;

18 “(B) coordinate and utilize existing public
19 and private training, employment, and business
20 assistance funds or services; and

21 “(C) establish or maintain working rela-
22 tionships with unions or other construction
23 trade associations, and public and private em-
24 ployers; and

1 “(7) any other factors that the Secretary deter-
2 mines to be appropriate to ensure that amounts
3 made available under this section are used effec-
4 tively.

5 “(e) EMPLOYMENT OF PUBLIC HOUSING RESI-
6 DENTS.—Each applicant shall, to the maximum extent
7 practicable, employ public housing residents to provide the
8 services assisted under this section or from other sources
9 and the provision of supportive services under this section
10 shall be considered the provision of housing assistance for
11 purposes of section 3 of the Housing and Urban Develop-
12 ment Act of 1968. Such persons shall be paid at a rate
13 not less than the highest of—

14 “(1) the minimum wage that would be applica-
15 ble to the employee under the Fair Labor Standards
16 Act of 1938, if section 6(a)(1) of such Act applied
17 to the resident and if the resident were not exempt
18 under section 13 of such Act;

19 “(2) the State or local minimum wage for the
20 most nearly comparable covered employment; or

21 “(3) the prevailing rates of pay for persons em-
22 ployed in similar public occupations by the same em-
23 ployer.

1 “(f) ALLOCATION OF GRANT AMOUNTS.—Assistance
2 under this section shall be allocated by the Secretary
3 among approvable applications on a competitive basis.

4 “(g) APPLICATIONS.—Applications for assistance
5 under this section shall be submitted in such form and
6 in accordance with such procedures as the Secretary shall
7 establish. Each application for assistance shall contain—

8 “(1) a description of activities to be carried out
9 under subsection (c)(1);

10 “(2) a description of the supportive services
11 that are to be provided over a 5-year period (or such
12 longer period that the Secretary determines to be
13 appropriate if assistance is provided for activities
14 under subsection (c) that involve substantial reha-
15 bilitation);

16 “(3) a firm commitment of assistance from 1 or
17 more sources ensuring that the supportive services
18 will be provided for not less than 1 year following
19 the completion of activities assisted under subsection
20 (c);

21 “(4) a description of public or private sources
22 of assistance that can reasonably be expected to
23 fund or provide supportive services for the entire pe-
24 riod specified under paragraph (2), including evi-
25 dence of any intention to provide assistance ex-

1 pressed by State and local governments, private
2 foundations, and other organizations (including prof-
3 it and nonprofit organizations);

4 “(5) certification from the appropriate State or
5 local agency (as determined by the Secretary) that—

6 “(A) the provision of supportive services
7 described in paragraph (2) is well designed to
8 provide resident families better access to edu-
9 cational and employment opportunities; and

10 “(B) there is a reasonable likelihood that
11 such services will be funded or provided for the
12 entire period specified in paragraph (2); and

13 “(6) any other information or certifications that
14 the Secretary determines are necessary or appro-
15 priate to achieve the purposes of this section.

16 “(h) TREATMENT OF INCOME.—No service provided
17 to a public housing resident under this section may be
18 treated as income for the purpose of any other program
19 or provision of Federal or State law.

20 “(i) REPORTS.—

21 “(1) TO SECRETARY.—Each public housing
22 agency receiving a grant under this section shall
23 submit to the Secretary, in such form and at such
24 time as the Secretary shall prescribe, an annual

1 progress report describing and evaluating the use of
2 grant amounts received under this section.

3 “(2) TO CONGRESS.—The Secretary shall sub-
4 mit to the Congress annually, as a part of the report
5 of the Secretary under section 8 of the Department
6 of Housing and Urban Development Act, an evalua-
7 tion of the effectiveness of activities carried out with
8 grants under this section in such fiscal year. Such
9 report shall summarize the progress reports submit-
10 ted pursuant to paragraph (1).

11 “(j) DEFINITION OF SUPPORTIVE SERVICES.—For
12 purposes of this section, the term ‘supportive services’
13 means new or significantly expanded services that the Sec-
14 retary determines are essential to providing families living
15 with children in public housing with better access to edu-
16 cational and employment opportunities. Such services may
17 include—

18 “(1) child care;

19 “(2) employment training and counseling;

20 “(3) literacy training;

21 “(4) computer skills training;

22 “(5) education, including assistance in the at-
23 tainment of certificates of high school equivalency;

24 “(6) substance abuse programs; and

25 “(7) other appropriate services.

14 **SEC. 235. RESIDENT MANAGEMENT AND TENANT OPPOR-**
15 **TUNITY PROGRAM.**

20 “RESIDENT MANAGEMENT AND TENANT OPPORTUNITY
21 PROGRAM”;

26 (3) in subsection (f)—

1 (A) by striking the subsection heading and
2 inserting the following:

3 “(f) RESIDENT MANAGEMENT AND TENANT OPPOR-
4 TUNITY ASSISTANCE.—”;

5 (B) in paragraph (1), by adding at the end
6 the following: “In addition, the Secretary may
7 provide financial assistance to resident manage-
8 ment corporations or resident councils for ac-
9 tivities sponsored by resident organizations for
10 job training, economic development, security,
11 and other self-sufficiency activities beyond those
12 related to the management of public housing.
13 Resident councils or resident management cor-
14 porations may jointly apply for financial assist-
15 ance at their discretion with public housing
16 agencies. Only resident councils and resident
17 management corporations may be recipients of
18 such assistance.”;

19 (C) in paragraph (2), by striking
20 “\$100,000” and inserting “\$250,000”;

21 (D) by striking paragraph (3) and insert-
22 ing the following:

23 “(3) FUNDING.—Of any amounts made avail-
24 able for financial assistance under section 14, the
25 Secretary may use to carry out this subsection

1 \$50,000,000 for fiscal year 1995 and \$50,000,000
2 for fiscal year 1996.”; and

3 (E) by adding at the end the following new
4 paragraph:

5 “(5) FIVE PERCENT SET-ASIDE.—

6 “(A) IN GENERAL.—The Secretary may
7 use not more than 5 percent of the amounts ap-
8 propriated under paragraph (3) to enter into
9 contracts with—

10 “(i) various entities for monitoring,
11 evaluation, technical assistance, and infor-
12 mation dissemination in connection with
13 activities under this subsection; and

14 “(ii) public housing agencies, resident
15 organizations, and public or private enti-
16 ties for innovative public/private initiatives
17 that support the increased self-sufficiency
18 of public housing residents.

19 “(B) ACTIVITIES INCLUDED.—Eligible ac-
20 tivities related to increased self-sufficiency
21 under subparagraph (A)(ii) may include such
22 programs as counseling, treatment for sub-
23 stance abuse, child care, remedial education,
24 and job training.”.

1 **SEC. 236. INDIAN HOUSING LOAN GUARANTEE PROGRAM.**

2 (a) LIMITATION ON OUTSTANDING AGGREGATE
3 PRINCIPAL AMOUNT.—Section 184(i)(5)(C) of the Hous-
4 ing and Community Development Act of 1992 (12 U.S.C.
5 1515z–13a(i)(5)(C)) is amended—

6 (1) by striking “fiscal years 1993 and 1994”
7 and inserting “fiscal years 1995 and 1996”; and

8 (2) by striking “not exceeding” and all that fol-
9 lows, and inserting “not exceeding \$22,388,000 for
10 fiscal year 1995 and \$22,388,000 for fiscal year
11 1996, to the extent provided in appropriation Acts.”.

12 (b) AUTHORIZATION OF APPROPRIATIONS FOR GUAR-
13 ANTEE FUND.—Section 184(i)(7) of the Housing and
14 Community Development Act of 1992 (12 U.S.C. 1515z–
15 13a(i)(7)) is amended to read as follows:

16 “(7) AUTHORIZATION OF APPROPRIATIONS.—
17 There are authorized to be appropriated to the
18 Guarantee Fund to carry out this section,
19 \$3,000,000 for fiscal year 1995 and \$3,000,000 for
20 fiscal year 1996.”.

21 **Subtitle E—Applicability**

22 **SEC. 241. APPLICABILITY OF PUBLIC HOUSING AMEND-**
23 **MENTS TO INDIAN HOUSING.**

24 (a) AMENDMENT.—Section 201(b) of the United
25 States Housing Act of 1937 (42 U.S.C. 1437aa(b)) is
26 amended to read as follows:

1 “(b) APPLICABILITY OF TITLE I.—Except as other-
2 wise provided by law, the provisions of title I shall apply
3 to low-income housing developed or operated pursuant to
4 a contract between the Secretary and an Indian housing
5 authority.”.

6 (b) APPLICABILITY OF AMENDMENT.—The amend-
7 ment made by subsection (a) shall not affect provisions
8 of the United States Housing Act of 1937 that were made
9 applicable to public housing developed or operated pursu-
10 ant to a contract between the Secretary and an Indian
11 housing authority in accordance with section 201(b)(2) of
12 such Act, as it existed before the effective date of this sec-
13 tion.

14 (c) APPLICABILITY OF OTHER LAWS.—The provi-
15 sions of section 955(b) of the Cranston-Gonzalez National
16 Affordable Housing Act, sections 103(a)(1), 112, 114,
17 116, 118, 903, and 927 of the Housing and Community
18 Development Act of 1992, and sections 301, 302, 303, and
19 304 of the Multifamily Housing Property Disposition Re-
20 form Act of 1994 shall apply to public housing developed
21 or operated pursuant to a contract between the Secretary
22 and an Indian housing authority.

23 (d) APPLICABILITY TO VOLUNTEER SERVICES.—The
24 application of section 955(b) of the Cranston-Gonzalez
25 National Affordable Housing to public housing developed

1 or operated pursuant to a contract between the Secretary
 2 and an Indian housing authority shall apply to any volun-
 3 teer services provided before, on, or after the date of en-
 4 actment of this Act, except that such application may not
 5 be construed to require the repayment of any wages paid
 6 before the date of enactment of this Act for services pro-
 7 vided before such date.

8 **Subtitle F—Termination of Certain** 9 **Assisted Housing Programs**

10 **SEC. 251. TERMINATION OF CERTAIN ASSISTED HOUSING** 11 **PROGRAMS.**

12 (a) MAJOR RECONSTRUCTION OF OBSOLETE PUBLIC
 13 HOUSING PROJECTS.—

14 (1) REPEAL.—The United States Housing Act
 15 of 1937 (42 U.S.C. 1437 et seq.) is amended—

16 (A) by striking section 5(j)(2) and insert-
 17 ing the following:

18 “(2) [Repealed.]”;

19 (B) in section 14(c)(4), by inserting after
 20 “(5)(j)(2)” the following: “, as such section ex-
 21 isted before the effective date of title I of the
 22 Housing Choice and Community Investment
 23 Act of 1994”; and

24 (C) in section 18(a)(3), by inserting after
 25 “(5)(j)(2)” the following: “, as such section ex-

1 isted before the effective date of title I of the
2 Housing Choice and Community Investment
3 Act of 1994”.

4 (2) EFFECTIVE DATE.—The amendments made
5 by paragraph (1) shall take effect on the date on
6 which all funds appropriated to carry out section
7 5(j)(2) of the United States Housing Act have been
8 expended.

9 (3) FLEXIBILITY PROVISION.—Upon the re-
10 quest of the public housing agency, the Secretary
11 may authorize the use of any funding under section
12 5(j)(2) of the United States Housing Act of 1937,
13 for other development uses in conjunction with any
14 grant that was reserved or obligated pursuant to
15 section 5(j)(2) of the United States Housing Act of
16 1937, as in effect on or after the date of enactment
17 of the Housing and Community Development Act of
18 1992.

19 (b) CHOICE IN PUBLIC HOUSING MANAGEMENT.—
20 Section 25 of the United States Housing Act of 1937 (42
21 U.S.C. 1437w) is hereby repealed.

22 (c) HOPE FOR PUBLIC AND INDIAN HOUSING HOME-
23 OWNERSHIP.—

1 (1) REPEAL.—Title III of the United States
2 Housing Act of 1937 (42 U.S.C. 1437aaa et seq.)
3 is repealed effective October 1, 1996.

4 (2) CONFORMING AMENDMENTS.—

5 (A) SAVINGS PROVISION.—The last sen-
6 tence of section 5(h) of the United States
7 Housing Act of 1937 (42 U.S.C. 1437c(h)) is
8 amended by inserting “, as such section existed
9 before the effective date of title I of the Hous-
10 ing Choice and Community Investment Act of
11 1994” before the period.

12 (B) RENTAL CERTIFICATES AND OTHER
13 EXISTING HOUSING PROGRAMS.—Section
14 8(b)(2) of the United States Housing Act of
15 1937 (42 U.S.C. 1437f(b)(2)) is hereby re-
16 pealed.

17 (C) RENTAL VOUCHERS.—Section 8(o)(9)
18 of the United States Housing Act of 1937 (42
19 U.S.C. 1437f(o)(9)) is hereby repealed.

20 (D) PUBLIC AND INDIAN HOUSING MOD-
21 ERNIZATION.—Section 14(n) of the United
22 States Housing Act of 1937 (42 U.S.C.
23 1437/(n)) is hereby repealed.

24 (E) DEMOLITION AND DISPOSITION OF
25 PUBLIC HOUSING.—Section 18(f) of the United

1 States Housing Act of 1937 (42 U.S.C.
2 1437p(f)) is hereby repealed.

3 (F) PUBLIC HOUSING RESIDENT MANAGE-
4 MENT.—Section 20(f)(4) of the United States
5 Housing Act of 1937 (42 U.S.C. 1437r(f)(4)) is
6 hereby repealed.

7 (d) HOPE FOR ELDERLY INDEPENDENCE.—Section
8 803 of the Cranston-Gonzalez National Affordable Hous-
9 ing Act (42 U.S.C. 8012) is hereby repealed.

10 (e) INDIAN HOUSING EARLY CHILDHOOD DEM-
11 ONSTRATION PROGRAM.—Section 518 of the Cranston-
12 Gonzalez National Affordable Housing Act (12 U.S.C.
13 1701z–6 note) is hereby repealed.

14 (f) PUBLIC HOUSING ONE-STOP PERINATAL SERV-
15 ICES.—Section 521 of the Cranston-Gonzalez National Af-
16 fordable Housing Act (42 U.S.C. 1437t note) is hereby
17 repealed.

18 **Subtitle G—Midnight Basketball**
19 **League Training and Partnership**

20 **SEC. 261. SHORT TITLE.**

21 This subtitle may be cited as the “Midnight Basket-
22 ball League Training and Partnership Act”.

1 **SEC. 262. GRANTS FOR MIDNIGHT BASKETBALL LEAGUE**
 2 **TRAINING AND PARTNERSHIP PROGRAMS.**

3 Section 520 of the Cranston-Gonzalez National Af-
 4 fordable Housing Act (42 U.S.C. 11903a) is amended—

5 (1) in the section heading by inserting “**AND**
 6 **ASSISTED**” after “**PUBLIC**”;

7 (2) in the subsection heading for subsection (a),
 8 by inserting “PUBLIC HOUSING” before “YOUTH”;
 9 and

10 (3) by adding at the end the following new sub-
 11 section:

12 “(l) MIDNIGHT BASKETBALL LEAGUE TRAINING
 13 AND PARTNERSHIP PROGRAMS.—

14 “(1) AUTHORITY.—The Secretary shall make
 15 grants, to the extent that amounts are approved in
 16 appropriations Acts under paragraph (11), to—

17 “(A) eligible entities to assist such entities
 18 in carrying out midnight basketball league pro-
 19 grams meeting the requirements of paragraph
 20 (3); and

21 “(B) eligible advisory entities to provide
 22 technical assistance to eligible entities in estab-
 23 lishing and operating such midnight basketball
 24 league programs.

25 “(2) ELIGIBLE ENTITIES.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), grants under paragraph (1)(A) may
3 be made only to the following eligible entities:

4 “(i) Entities eligible under subsection
5 (b) for a grant under subsection (a).

6 “(ii) Nonprofit organizations provid-
7 ing employment counseling, job training, or
8 other educational services.

9 “(iii) Nonprofit organizations provid-
10 ing federally assisted low-income housing.

11 “(B) PROHIBITION ON SECOND GRANTS.—
12 A grant under paragraph (1)(A) may not be
13 made to an eligible entity if the entity has pre-
14 viously received a grant under such paragraph,
15 except that the Secretary may exempt an eligi-
16 ble advisory entity from the prohibition under
17 this subparagraph in extraordinary cir-
18 cumstances.

19 “(3) PROGRAM REQUIREMENTS.—Each eligible
20 entity receiving a grant under paragraph (1)(A)
21 shall establish a midnight basketball league program
22 as follows:

23 “(A) Not less than 50 percent of the play-
24 ers in the basketball league shall be residents of
25 federally assisted low-income housing or mem-

1 bers of low-income families (as such term is de-
2 fined in section 3(b) of the United States Hous-
3 ing Act of 1937).

4 “(B) The program shall be designed to
5 serve primarily youths and young adults from a
6 neighborhood or community whose population
7 has not less than 2 of the following characteris-
8 tics (in comparison with national averages):

9 “(i) A substantial problem regarding
10 use or sale of illegal drugs.

11 “(ii) A high incidence of crimes com-
12 mitted by youths or young adults.

13 “(iii) A high incidence of persons in-
14 fected with the human immunodeficiency
15 virus or sexually transmitted diseases.

16 “(iv) A high incidence of pregnancy or
17 a high birth rate, among adolescents.

18 “(v) A high unemployment rate for
19 youths and young adults.

20 “(vi) A high rate of high school drop-
21 outs.

22 “(C) The program shall require each play-
23 er in the league to attend employment counsel-
24 ing, job training, and other educational classes
25 provided under the program, which shall be

1 held at specified times at or near the site of the
2 games.

3 “(D) The program shall serve only youths
4 and young adults who demonstrate a need for
5 such counseling, training, and education pro-
6 vided by the program, in accordance with cri-
7 teria for demonstrating need, which shall be es-
8 tablished by the Secretary, in consultation with
9 the Advisory Committee.

10 “(E) The basketball games of the league
11 shall generally be held between the hours of 10
12 p.m. and 2 a.m. at a location in the neighbor-
13 hood or community served by the program.

14 “(F) The program shall seek sponsors for
15 each team in the basketball league. Sponsors
16 shall be private individuals or businesses in the
17 neighborhood or community served by the pro-
18 gram who make financial contributions to the
19 program or participate in or supplement the
20 employment, job training, and educational serv-
21 ices provided to the players under the program
22 with additional training or educational opportu-
23 nities.

24 “(G) The program shall comply with any
25 criteria established by the Secretary, in con-

1 sultation with the Advisory Committee estab-
2 lished under paragraph (7).

3 “(H) Administrators or organizers of the
4 program shall receive training and technical as-
5 sistance provided by eligible advisory entities re-
6 ceiving grants under paragraph (6).

7 “(4) GRANT AMOUNT LIMITATIONS.—

8 “(A) PRIVATE CONTRIBUTIONS.—The Sec-
9 retary may not make a grant under paragraph
10 (1)(A) to an eligible entity that applies for a
11 grant under this subsection unless the applicant
12 entity certifies to the Secretary that the entity
13 will supplement the grant amounts with
14 amounts of funds from non-Federal sources.

15 “(B) NON-FEDERAL FUNDS.—For pur-
16 poses of this paragraph, the term ‘funds from
17 non-Federal sources’ includes amounts from
18 nonprofit organizations, public housing agen-
19 cies, States, units of general local government,
20 and Indian housing authorities, private con-
21 tributions, any salary paid to staff (other than
22 from grant amounts under paragraph (1)(A))
23 to carry out the program of the eligible entity,
24 in-kind contributions to carry out the program
25 (as determined by the Secretary after consulta-

tion with the Advisory Committee), the value of any donated material, equipment, or building, the value of any lease on a building, the value of any utilities provided, and the value of any time and services contributed by volunteers to carry out the program of the eligible entity.

“(C) PROHIBITION ON SUBSTITUTION OF FUNDS.—Grant amounts under paragraph (1)(A) and amounts provided by States and units of general local government to supplement grant amounts may not be used to replace other public funds previously used, or designated for use, under this section.

“(D) MAXIMUM AND MINIMUM GRANT AMOUNTS.—

“(i) IN GENERAL.—The Secretary may not make a grant under paragraph (1)(A) to any single eligible entity in an amount less than \$55,000 or exceeding \$130,000, except as provided in clause (ii).

“(ii) EXCEPTION FOR LARGE LEAGUES.—In the case of a league having more than 80 players, a grant under paragraph (1)(A) may exceed \$130,000, but may not exceed the amount equal to 35

1 percent of the cost of carrying out the mid-
2 night basketball league program.

3 “(5) SELECTION.—The Secretary, in consulta-
4 tion with the Advisory Committee, shall select eligi-
5 ble entities that have submitted applications to re-
6 ceive grants under paragraph (1)(A) in accordance
7 with such application procedures as the Secretary
8 shall establish by regulation. The Secretary, in con-
9 sultation with the Advisory Committee, shall estab-
10 lish criteria for selection of applicants to receive
11 such grants. The Secretary’s selection process shall
12 ensure program participation in city, suburban, and
13 rural areas.

14 “(6) TECHNICAL ASSISTANCE GRANTS.—Tech-
15 nical assistance grants under paragraph (1)(B) shall
16 be made as follows:

17 “(A) ELIGIBLE ADVISORY ENTITIES.—
18 Technical assistance grants may be made only
19 to entities that—

20 “(i) are experienced and have exper-
21 tise in establishing, operating, or admin-
22 istering successful and effective programs
23 for midnight basketball and employment,
24 job training, and educational services simi-

1 lar to the programs under paragraph (3);
2 and

3 “(ii) have provided technical assist-
4 ance to other entities regarding establish-
5 ment and operation of such programs.

6 “(B) USE.—Amounts received under tech-
7 nical assistance grants shall be used to establish
8 centers for providing technical assistance to en-
9 tities receiving grants under paragraph (1)(A)
10 of this subsection and subsection (a) regarding
11 establishment, operation, and administration of
12 effective and successful midnight basketball
13 league programs under this subsection and sub-
14 section (c)(3).

15 “(C) NUMBER AND AMOUNT.—To the ex-
16 tent that amounts are provided in appropria-
17 tions Acts under paragraph (11)(B) in each fis-
18 cal year, the Secretary shall make technical as-
19 sistance grants under paragraph (1)(B). In
20 each fiscal year that such amounts are available
21 the Secretary shall make 4 such grants, as fol-
22 lows:

23 “(i) 2 grants shall be made to eligible
24 advisory entities for development of mid-

1 night basketball league programs in public
2 housing projects.

3 “(ii) 2 grants shall be made to eligible
4 advisory entities for development of mid-
5 night basketball league programs in subur-
6 ban or rural areas.

7 Each grant shall be in an amount not exceeding
8 \$25,000.

9 “(7) ADVISORY COMMITTEE.—The Secretary
10 shall appoint an Advisory Committee to assist the
11 Secretary in providing grants under this subsection.
12 The Advisory Committee shall be composed of not
13 more than 7 members, including the following:

14 “(A) Individuals involved in managing or
15 administering midnight basketball programs
16 that the Secretary determines have been suc-
17 cessful and effective.

18 “(B) A representative of the Center for
19 Substance Abuse Prevention of the Public
20 Health Service, Department of Health and
21 Human Services, who is involved in administer-
22 ing the grant program for prevention, treat-
23 ment, and rehabilitation model projects for high
24 risk youth under section 509A of the Public
25 Health Service Act (42 U.S.C. 290aa–8), who

1 shall be selected by the Secretary of Health and
2 Human Services.

3 “(C) A representative of the Department
4 of Education, who shall be selected by the Sec-
5 retary of Education.

6 “(D) A representative of the Department
7 of Health and Human Services, who shall be se-
8 lected by the Secretary of Health and Human
9 Services from among officers and employees of
10 the Department involved in issues relating to
11 high-risk youth.

12 “(8) REPORTS.—The Secretary shall require
13 each eligible entity receiving a grant under para-
14 graph (1)(A) and each eligible advisory entity receiv-
15 ing a grant under paragraph (1)(B) to submit to the
16 Secretary, for each year in which grant amounts are
17 received by the entity, a report describing the activi-
18 ties carried out with such amounts.

19 “(9) STUDY.—To the extent amounts are pro-
20 vided under appropriation Acts pursuant to para-
21 graph (11)(C), the Secretary shall make a grant to
22 one entity qualified to carry out a study under this
23 paragraph. The entity shall use such grant amounts
24 to carry out a scientific study of the effectiveness of
25 midnight basketball league programs under para-

1 graph (3) of eligible entities receiving grants under
2 paragraph (1)(A). The Secretary shall require such
3 entity to submit a report describing the study and
4 any conclusions and recommendations resulting from
5 the study to the Congress and the Secretary not
6 later than the expiration of the 2-year period begin-
7 ning on the date that the grant under this para-
8 graph is made.

9 “(10) DEFINITIONS.—For purposes of this sub-
10 section—

11 “(A) the term ‘Advisory Committee’ means
12 the Advisory Committee established under para-
13 graph (7);

14 “(B) the term ‘eligible advisory entity’
15 means an entity described in paragraph (6)(A);

16 “(C) the term ‘eligible entity’ means an en-
17 tity described in paragraph (2)(A);

18 “(D) the term ‘federally assisted low-in-
19 come housing’ has the meaning given the term
20 in section 5126 of the Public and Assisted
21 Housing Drug Elimination Act of 1990; and

22 “(E) the term ‘Secretary’, unless otherwise
23 specified, means the Secretary of Housing and
24 Urban Development.

1 “(11) AUTHORIZATION OF APPROPRIATIONS.—

2 There are authorized to be appropriated—

3 “(A) for grants under paragraph (1)(A),
4 \$2,650,000 for fiscal year 1996;

5 “(B) for technical assistance grants under
6 paragraph (1)(B), \$100,000 for fiscal year
7 1996; and

8 “(C) for a study grant under paragraph
9 (9), \$250,000 for each of the fiscal years 1995
10 and 1996.”.

11 **SEC. 263. PUBLIC HOUSING MIDNIGHT BASKETBALL**
12 **LEAGUE PROGRAMS.**

13 Section 520(c) of the Cranston-Gonzalez National Af-
14 fordable Housing Act (42 U.S.C. 11903a(c)) is amended
15 by adding at the end the following new paragraph:

16 “(3) MIDNIGHT BASKETBALL LEAGUE PRO-
17 GRAMS.—Notwithstanding any other provision of
18 this subsection and subsection (d), a grant under
19 this section may be used to carry out any youth
20 sports program that meets the requirements of a
21 midnight basketball league program under sub-
22 section (l)(4) (not including subparagraph (B) of
23 such subsection) if the program serves primarily
24 youths and young adults from the public housing

1 project in which the program assisted by the grant
2 is operated.”.

3 **Subtitle H—Miscellaneous**
4 **Provisions**

5 **SEC. 271. STUDY OF OPERATING SUBSIDY PROGRAM.**

6 (a) STUDY.—The Secretary shall conduct a study of
7 the operating subsidy program under section 9 of the
8 United States Housing Act of 1937. The study shall in-
9 clude examination of—

- 10 (1) how the program is being administered;
11 (2) alternatives to the current funding mecha-
12 nism of the program; and
13 (3) changes to improve the effectiveness of the
14 program.

15 (b) REPORT TO CONGRESS.—Not later than 1 year
16 after the date of enactment of this Act, the Secretary shall
17 submit to the Congress a report containing the results of
18 the study conducted under subsection (a).

19 **SEC. 272. COMPOSITION OF BOARDS OF DIRECTORS OF**
20 **PHAS.**

21 Section 2 of the United States Housing Act of 1937
22 (42 U.S.C. 1437) is amended—

- 23 (1) by striking “SEC. 2.” and inserting “SEC.
24 2. (a) IN GENERAL.—”; and

3 “(b) REQUIRED MEMBERSHIP.—Each board of direc-
4 tors of a public housing agency shall contain not less than
5 1 member who is a resident of a project operated by the
6 public housing agency.”.

7 **SEC. 273. ADVANCED TRAINING IN PUBLIC HOUSING MAN-**
8 **AGEMENT.**

9 (a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish and conduct an annual public housing management training institute to provide instruction on the following subjects, as they relate to public housing:

15 (B) Crime prevention and tenant security.

17 (D) Tax credit financing of low- and mod-
18 erate-income housing.

20 (F) Such other subjects as the Secretary
21 may determine.

(2) CONTRACT AUTHORITY.—The Secretary may contract with a private entity to conduct the training institute established under this subsection.

25 (b) PARTICIPANTS.—

1 (1) COMPETITION.—The Secretary shall estab-
 2 lish a competition to select participants in each
 3 training institute conducted under this section. The
 4 selection criteria for such competition shall be de-
 5 signed to ensure that the participants for each train-
 6 ing institute include, to the extent possible—

7 (A) executive directors of public housing
 8 agencies and their principal deputies;

9 (B) senior public housing executives and
 10 managers;

11 (C) members of boards of directors of pub-
 12 lic housing agencies; and

13 (D) public housing tenant leaders.

14 (2) PARTICIPANTS LIMITED.—Not more than
 15 150 participants shall attend an executive training
 16 institute held pursuant to this section.

17 (c) AUTHORIZATION.—There are authorized to be ap-
 18 propriated to carry out this section such sums as may be
 19 necessary for fiscal years 1995 and 1996.

20 **SEC. 274. DEREGULATION OF PUBLIC HOUSING AGENCIES.**

21 (a) PUBLIC HOUSING AGENCIES THAT OWN AND OP-
 22 ERATE LESS THAN 100 DWELLING UNITS.—

23 (1) PUBLIC HOUSING MANAGEMENT REFORM.—
 24 Section 6(j)(1) of the United States Housing Act of
 25 1937 (42 U.S.C. 1437d(j)(1)) is amended—

1 (A) by redesignating subparagraphs (A)
2 through (H) as clauses (i) through (viii), re-
3 spectively;

4 (B) by inserting immediately before clause
5 (i), as redesignated, the following new subpara-
6 graph:

7 “(A) For public housing agencies that own
8 and operate 100 or more public housing dwell-
9 ing units—”; and

10 (C) by adding at the end the following new
11 subparagraph:

12 “(B) For public housing agencies that own
13 and operate fewer than 100 public housing
14 dwelling units:

15 “(i) The number and percentage of
16 vacancies within an agency’s inventory, in-
17 cluding the progress that an agency has
18 made within the previous 3 years to reduce
19 such vacancies.

20 “(ii) The percentage of rents uncol-
21 lected.

22 “(iii) The ability of the agency to
23 produce and use accurate and timely
24 records of monthly income and expenses

1 and to maintain at least a 3-month re-
2 serve.

3 “(iv) The annual inspection of occu-
4 pied units and the agency’s ability to re-
5 spond to maintenance work orders.

6 “(v) In the case of agencies receiving
7 funds under section 14 of this Act, the
8 percentage of such funds that are under
9 annual contributions contract to the public
10 housing agency and that remain unobli-
11 gated after 3 years.”.

12 (2) OPERATING SUBSIDY.—Section 9(a) of the
13 United States Housing Act of 1937 (42 U.S.C.
14 1437g(a)) is amended—

15 (A) in the first sentence of paragraph
16 (3)(A), by inserting immediately after “pay-
17 ments under this section” the following: “to
18 public housing agencies that own and operate
19 100 or more public housing dwelling units”;
20 and

21 (B) by adding at the end the following new
22 paragraph:

23 “(4) FORMULA.—

24 “(A) IN GENERAL.—The Secretary shall
25 make payments under this section (except for

1 payments under paragraph (1)(B)) to public
2 housing agencies that own and operate fewer
3 than 100 public housing dwelling units on the
4 basis of a formula contained in regulations is-
5 sued by the Secretary after notice and oppor-
6 tunity for public comment.

7 “(B) REQUIREMENTS.—The formula de-
8 scribed in subparagraph (A) shall—

9 “(i) be established in consultation
10 with public housing agencies, be contained
11 in a regulation promulgated by the Sec-
12 retary before the start of any fiscal year to
13 which it applies;

14 “(ii) remain in effect for the duration
15 of such year without change; and

16 “(iii) provide for a reasonable transi-
17 tion from the method for determining oper-
18 ating subsidy under paragraph (3) to the
19 method contained in this paragraph.

20 “(C) THREE-YEAR PERIOD FOR AP-
21 PEALS.—The Secretary shall afford agencies
22 subject to this paragraph a 3-year period within
23 which to appeal the methodology used in the
24 formula established pursuant to this paragraph
25 as it pertains to the agency.”.

1 (b) HIGH-PERFORMING PUBLIC HOUSING AGEN-
2 CIES.—

3 (1) RETENTION OF SAVINGS FROM EFFICIENT
4 MANAGEMENT.—Section 6(e) the United States
5 Housing Act of 1937 (42 U.S.C. 1437d(e)) is
6 amended to read as follows:

7 “(e) TREATMENT OF SAVINGS.—

8 “(1) IN GENERAL.—Any income (other than
9 rental or investment income) generated by a high-
10 performing public housing agency that exceeds the
11 income estimated by the agency to be generated, ac-
12 cording to the agency’s annual operating budget,
13 shall be excluded in subsequent years in calculating
14 the amount of the operating subsidy provided under
15 section 9 to the agency. Such savings shall be re-
16 tained by the agency for other housing purposes.

17 “(2) HIGH-PERFORMING PUBLIC HOUSING
18 AGENCY.—For purposes of paragraph (1), the term
19 ‘high-performing public housing agency’ means, with
20 respect to a year, a public housing agency that has
21 been designated pursuant to subsection (j) as a
22 high-performing public housing agency for the most
23 recent fiscal year ending before the commencement
24 of such year.”.

1 (2) WAIVER OF RULES AND REPORTS.—Section
2 6(j) of the United States Housing Act of 1937 (42
3 U.S.C. 1437d(j)), as amended by subsection (a), is
4 amended by adding at the end the following new
5 paragraph:

6 “(5) WAIVER OF RULES AND REPORTS.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), the Secretary may, for pub-
9 lic housing agencies designated pursuant to
10 subsection (e) as high-performing public hous-
11 ing agencies with respect to a fiscal year, waive
12 (by regulation issued under subparagraph (C))
13 the applicability for the ensuing fiscal year of
14 regulatory requirements otherwise applicable to
15 public housing agencies to the extent appro-
16 priate, as determined by the Secretary, to facili-
17 tate more efficient operation of such agencies.

18 “(B) EXCEPTION.—The Secretary may not
19 waive the applicability of any provision—

20 “(i) limiting occupancy of public hous-
21 ing to low-income families;

22 “(ii) under section 18 requiring re-
23 placement of units in the case of demoli-
24 tion or disposition;

1 “(iii) under the Uniform Relocation
 2 Assistance and Real Property Acquisition
 3 Policies Act of 1970;

4 “(iv) that prohibits, or the purpose of
 5 which is to protect persons against, dis-
 6 crimination on the basis of race, color, reli-
 7 gion, sex, marital status, national origin,
 8 age, or handicap, or that relates to fair
 9 housing or equal opportunity; or

10 “(v) of chapter 75 of title 31, United
 11 States Code.

12 “(C) WAIVER OF REGULATORY PROVI-
 13 SIONS.—Not later than August 31, 1995, the
 14 Secretary shall publish in the Federal Register
 15 a proposed rule providing for the waiver of the
 16 regulatory provisions to be waived pursuant to
 17 this paragraph and identifying such provisions.
 18 The Secretary shall publish such proposed rule
 19 at a time during fiscal year 1995 determined by
 20 the Secretary to be sufficient to provide notice
 21 and an opportunity for public comment before
 22 issuance of a final rule under this paragraph.”.

23 (c) PHMAP MODERNIZATION FACTOR.—Section
 24 6(j)(1)(A)(ii) of such Act (42 U.S.C. 1437d(j)(1)(A)(ii)),

1 as redesignated by subsection (a)(2), is amended to read
 2 as follows:

3 “(ii) The percentage of funds under
 4 section 14 that are under annual contribu-
 5 tions contract to the public housing agency
 6 and that remain unobligated after 3
 7 years.”.

8 **TITLE III—HOMEOWNERSHIP**
 9 **Subtitle A—Expanded Single Fam-**
 10 **ily Homeownership Opportuni-**
 11 **ties**

12 **SEC. 301. MAXIMUM DOLLAR AMOUNT FOR FHA SINGLE**
 13 **FAMILY MORTGAGES.**

14 Subparagraph (A) of the first sentence of section
 15 203(b)(2) of the National Housing Act (12 U.S.C.
 16 1709(b)(2)) is amended by striking clause (ii) and all that
 17 follows through “May 12, 1992;” and inserting the follow-
 18 ing—

19 “(ii) 75 percent of the dollar amount
 20 limitation determined under section
 21 305(a)(2) of the Federal Home Loan
 22 Mortgage Corporation Act for a residence
 23 of the applicable size;
 24 except that the applicable dollar amount limita-
 25 tion in effect for any area under this subpara-

graph may not be less than the greater of the dollar amount limitation in effect under this section for the area on the date of enactment of the Housing Choice and Community Investment Act of 1994 or 38 percent of the dollar amount limitation determined under section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act for a residence of the applicable size;”.

SEC. 302. STREAMLINED REFINANCING FOR HUD-HELD MORTGAGES.

(a) MISCELLANEOUS HOUSING INSURANCE.—Section 223 of the National Housing Act (12 U.S.C. 1715n(a)) is amended—

(1) in subsection (a)—

(A) in paragraph (7), by striking the colon immediately preceding the second proviso and all that follows through “; or” and inserting a semicolon;

(B) in paragraph (8), by striking the period at the end and inserting “; or”; and

(C) by adding at the end the following new paragraph:

“(9) given to refinance a mortgage held by the Secretary, upon such terms and conditions as the

1 Secretary may prescribe, covering property on which
2 there is located a 1- to 4-family residence, or a 1-
3 family unit in a condominium project, which mort-
4 gage was formerly insured under this Act and subse-
5 quently assigned to the Secretary pursuant to sec-
6 tion 230 if—

7 “(A) the mortgagor has not previously refi-
8 nanced a mortgage pursuant to this paragraph;

9 “(B) the mortgagor has made all payments
10 due under the note secured by the existing
11 mortgage and all payments due under the note
12 for not less than the immediately preceding 6
13 months, or the mortgagor is under a forbear-
14 ance agreement and has made all payments due
15 under the note secured by the existing mort-
16 gage for not less than the immediately preced-
17 ing 6 months;

18 “(C) the principal amount of the refinanc-
19 ing mortgage does not exceed the outstanding
20 principal balance of the existing mortgage by
21 more than additional amounts owed by the
22 mortgagor due to the delinquency and to the re-
23 ceipt of assignment assistance under section
24 230;

1 “(D) the monthly payment due under the
2 refinancing mortgage does not exceed the
3 monthly payment due under the existing mort-
4 gage;

5 “(E) the refinancing mortgage has a term
6 of not more than 12 years in excess of the
7 unexpired term of the assigned mortgage; and

8 “(F) the refinancing mortgage is insured
9 under section 203(b) or 221(d)(2), at the op-
10 tion of the mortgagee, or under section 234(c)
11 in the case of a condominium.”; and

12 (2) by adding at the end the following new sub-
13 section:

14 “(h) MATURITY AND PRINCIPAL OBLIGATIONS OF
15 MORTGAGES.—A mortgage of the character described in
16 paragraphs (1) through (6) of subsection (a) shall have
17 a maturity and a principal obligation not in excess of the
18 maximums prescribed under the applicable section or title
19 of this Act, except that in no case may the principal obli-
20 gation of a mortgage referred to in subsection (a)(5) ex-
21 ceed 90 percent of the appraised value of the mortgage
22 property, and shall bear interest at such rate as may be
23 agreed upon by the mortgagor and the mortgagee.”.

24 (b) IMPLEMENTATION.—The Secretary may imple-
25 ment the authority to refinance a mortgage held by the

1 Secretary under section 223(a)(9) of the National Hous-
 2 ing Act, as added by subsection (a), by notice published
 3 in the Federal Register setting forth such requirements
 4 as may be necessary.

5 (c) LIMITATIONS ON AUTHORITY.—The authority to
 6 refinance a mortgage held by the Secretary under section
 7 223(a)(9) of the National Housing Act, as added by sub-
 8 section (a), shall terminate 30 months after the date of
 9 enactment of this Act.

10 **SEC. 303. INNOVATIVE AFFORDABLE HOUSING DEM-**
 11 **ONSTRATIONS.**

12 Title II of the National Housing Act (12 U.S.C. 1707
 13 et seq.) is amended by adding at the end the following
 14 new section:

15 **“SEC. 256. INNOVATIVE AFFORDABLE HOUSING DEM-**
 16 **ONSTRATIONS.**

17 “(a) AUTHORIZATION.—Notwithstanding any other
 18 provision of this Act, the Secretary may carry out dem-
 19 onstrations in accordance with this section that increase
 20 homeownership opportunities through—

21 “(1) the insurance under this title of alternative
 22 mortgage instruments; and

23 “(2) partnerships with—

24 “(A) the Federal Home Loan Mortgage
 25 Corporation;

1 “(B) the Federal National Mortgage Asso-
2 ciation;

3 “(C) the Federal Home Loan Banks and
4 their members;

5 “(D) State and local housing finance agen-
6 cies; and

7 “(E) private mortgage insurance compa-
8 nies.

9 “(b) ELIGIBLE DEMONSTRATIONS.—The demonstra-
10 tions under this section shall be approved by the Secretary
11 only if they increase homeownership opportunities for fam-
12 ilies with incomes that do not exceed the median income
13 for the area (as determined by the Secretary and adjusted
14 for family size), stabilize or revitalize neighborhoods, or
15 address special needs by—

16 “(1) testing the pricing of alternative mortgage
17 instruments; or

18 “(2) facilitating partnerships between the Sec-
19 retary and the entities described in subsection
20 (a)(2), pursuant to which mortgage insurance pro-
21 vided by the Secretary will be used as a credit en-
22 hancement in connection with the mortgage lending
23 and secondary market activities of such entities (in-
24 cluding activities under paragraph (1)), except that
25 such partnerships may be entered into only if they

1 result in an equitable allocation of the risks and ben-
2 efits of the demonstration among the Secretary and
3 the participating entities.

4 Such demonstrations shall be subject to the requirements
5 of section 203(b) with respect to the maximum mortgage
6 amount and downpayment requirements.

7 “(c) LIMITATIONS.—Each demonstration under this
8 section may be approved for a term of not more than 3
9 years. The term of an insured mortgage or activity may
10 extend beyond the term of the demonstration. The total
11 mortgage amount insured pursuant to demonstrations
12 under this section may not exceed \$1,000,000,000 for
13 each fiscal year.

14 “(d) AUTHORIZATION.—There are authorized to be
15 appropriated such sums as may be necessary to cover the
16 costs to the Federal Government under section 502 of the
17 Federal Credit Reform Act of 1990 resulting from losses
18 apportioned to the Secretary under the demonstrations
19 conducted pursuant to this section.

20 “(e) REPORTS TO CONGRESS.—

21 “(1) INITIAL REPORT.—Prior to commencing
22 each demonstration under this section, the Secretary
23 shall submit to the Committee on Banking, Housing,
24 and Urban Affairs of the Senate and the Committee
25 on Banking, Finance and Urban Affairs of the

1 House of Representatives a report containing a de-
2 tailed description of the purpose and scope of the
3 demonstration.

4 “(2) PROGRESS REPORT.—For each demonstra-
5 tion under this section, the Secretary shall prepare
6 an annual progress report to be included in the an-
7 nual management report submitted to Congress by
8 the Federal Housing Administration.

9 “(3) FINAL REPORT.—Not later than 6 months
10 after the completion of each demonstration, the Sec-
11 retary shall submit a report to the Committee on
12 Banking, Housing, and Urban Affairs of the Senate
13 and the Committee on Banking, Finance and Urban
14 Affairs of the House of Representatives describing
15 the results of the demonstration and making any
16 recommendations for legislation.

17 “(f) DEFINITION.—For purposes of this section, the
18 term ‘alternative mortgage instrument’ means an instru-
19 ment secured by an interest in residential real property,
20 a dwelling, all stock allocated to a dwelling unit in a resi-
21 dential cooperative housing corporation, or a residential
22 manufactured home (as that term is defined in section 603
23 of the National Manufactured Home Construction and
24 Safety Standards Act of 1974)—

1 “(1) in which the interest rate or finance
2 charge may be adjusted or renegotiated;

3 “(2) involving a fixed-rate, but which implicitly
4 permits rate adjustments by having the debt mature
5 at the end of an interval shorter than the term of
6 the amortization schedule; or

7 “(3) involving any similar type of rate, method
8 of determining return, term, repayment, or other
9 variation not common to traditional fixed-rate, fixed-
10 term transactions, including transactions that in-
11 volve the sharing of equity or appreciation; described
12 and defined by applicable regulation.”.

13 **SEC. 304. SINGLE FAMILY RISK-SHARING MORTGAGE IN-**
14 **SURANCE PROGRAM.**

15 (a) AUTHORIZATION.—Title II of the National Hous-
16 ing Act (42 U.S.C. 1701 et seq.), as amended by section
17 303, is amended by adding the following new section:

18 **“SEC. 257. SINGLE FAMILY RISK-SHARING WITH STATE AND**
19 **LOCAL AGENCIES.**

20 “(a) AUTHORITY.—

21 “(1) IN GENERAL.—The Secretary may insure
22 and make commitments to insure mortgages on sin-
23 gle family properties in high cost areas under risk-
24 sharing mortgage insurance programs established
25 with one or more States or State or local agencies

1 in accordance with this section. Only mortgages exe-
2 cuted in connection with the acquisition of a single
3 family property or the refinancing of a mortgage in-
4 sured under this section shall be eligible.

5 “(2) RISK-SHARING.—Under the risk-sharing
6 programs authorized under paragraph (1), the Sec-
7 retary shall insure a portion of the mortgage and the
8 State or the State or local agency shall insure the
9 remainder of the mortgage. In each risk-sharing
10 agreement between the Secretary and the State or
11 the State or local agency, the State or the State or
12 local agency shall be in a position subordinate to
13 that of the Secretary.

14 “(b) PURPOSES.—The purposes of the programs au-
15 thorized under this section are—

16 “(1) to increase the availability of single family
17 mortgage financing in areas in which there is need
18 for mortgage insurance under this Act that cannot
19 be met due to particularly high average median
20 house prices in the area; and

21 “(2) to foster arrangements with States and
22 State and local agencies to share the risk of insuring
23 mortgages on properties located in high cost areas.

24 “(c) APPLICATIONS.—

1 “(1) APPROVAL.—The Secretary may approve
2 an application submitted by a State or a State or
3 local agency to establish a risk-sharing program
4 under this section, based on a determination that
5 the State or State or local agency has demonstrated
6 that the State or State or local agency—

7 “(A) has the authority to participate in the
8 risk-sharing mortgage insurance program;

9 “(B) has carried out, or has the potential
10 to carry out, a financially sound, efficient, and
11 effective mortgage insurance program;

12 “(C) has the ongoing administrative and
13 financial capacity necessary to carry out a pro-
14 gram under this section, including the capacity
15 to maintain a top tier or equivalent rating; and

16 “(D) will set aside reserves or provide
17 other equivalent financial guarantees to cover
18 its share of losses in the program under this
19 section.

20 “(2) CANCELLATION OF APPROVAL.—

21 “(A) IN GENERAL.—The Secretary may
22 cancel the approval of a State or State or local
23 agency made under paragraph (1)—

24 “(i) if the Secretary determines that
25 the State or State or local agency has vio-

1 lated the requirements or procedures of the
2 risk-sharing agreement between the State
3 or State or local agency and the Secretary;
4 or

5 “(ii) for other good cause, as deter-
6 mined by the Secretary.

7 “(B) EFFECTIVE DATE.—A cancellation of
8 approval under this paragraph shall take effect
9 on the later of—

10 “(i) the date on which the State or
11 State or local agency receives notice from
12 the Secretary of such cancellation; and

13 “(ii) a date specified by the Secretary.

14 “(C) NONREVIEWABILITY.—A decision by
15 the Secretary to cancel approval under this
16 paragraph—

17 “(i) shall be final and conclusive and
18 shall not be subject to judicial review; and

19 “(ii) shall not affect risk-sharing
20 agreements between the Secretary and the
21 State or State or local agency executed on
22 or before the date of such cancellation.

23 “(d) DELEGATION OF AUTHORITY TO INSURE.—The
24 Secretary shall delegate the authority to insure and make
25 commitments to insure the portion of mortgages to be in-

1 sured by the Secretary under this section to a State or
2 State or local agency pursuant to a risk-sharing agreement
3 with the State or State or local agency. The risk-sharing
4 agreement shall contain such terms and conditions to
5 which the Secretary and the State or State or local agency
6 agree.

7 “(e) UNDERWRITING STANDARDS AND LOAN TERMS
8 AND CONDITIONS.—For purposes of underwriting loans to
9 be insured under this section, the State or State or local
10 agency shall adopt underwriting standards and loan terms
11 and conditions. Such standards, terms, and conditions
12 shall be no less stringent than those required under sec-
13 tion 203(b) and shall be subject to the approval of the
14 Secretary.

15 “(f) MORTGAGE INSURANCE PREMIUMS.—

16 “(1) IN GENERAL.—The State or State or local
17 agency shall require the payment of mortgage insur-
18 ance premiums by mortgagors.

19 “(2) SHARING.—The Secretary shall establish
20 policies and procedures for the sharing of premiums
21 between the Secretary and the State or State or
22 local agency, based on the relative risk to, and ad-
23 ministrative costs incurred by, the Secretary and the
24 State or State or local agency. The share of mort-
25 gage insurance premiums paid to the Secretary shall

1 not be less than an amount necessary to cover the
2 risk to, and administrative costs incurred by, the
3 Secretary.

4 “(g) ELIGIBLE MORTGAGES.—

5 “(1) ELIGIBLE HIGH COST AREAS.—The Sec-
6 retary may insure mortgages under this section only
7 if such mortgages cover single family properties lo-
8 cated in areas in which 95 percent of the median 1-
9 family house prices in the area exceeds the maxi-
10 mum amount the Secretary may insure under sec-
11 tion 203(b)(2)(A)(ii).

12 “(2) LIMITATIONS ON MORTGAGE AMOUNT.—

13 “(A) AMOUNT INSURED BY THE SEC-
14 RETARY.—The total mortgage amount insured
15 under this section by the Secretary may not ex-
16 ceed an amount equal to the lesser of—

17 “(i) 80 percent of the appraised value
18 of the property; or

19 “(ii) the maximum amount the Sec-
20 retary may insure under section 203(b) of
21 this Act for the area (but not including
22 any amount for a mortgage insurance pre-
23 mium).

1 “(B) MAXIMUM AMOUNT INSURED UNDER
2 THIS SECTION.—The total principal amount of
3 a mortgage insured under this section—

4 “(i) shall exceed the maximum
5 amount the Secretary may insure under
6 subparagraph (A) of the first sentence of
7 section 203(b)(2) for the area; and

8 “(ii) may not exceed the conforming
9 loan limitation determined under section
10 305(a)(2) of the Federal Home Loan
11 Mortgage Corporation Act for a residence
12 of the applicable size, as adjusted annually.

13 “(C) AMOUNT INSURED BY THE STATE OR
14 STATE OR LOCAL AGENCY.—The total mortgage
15 amount insured under this section by the State
16 or State or local agency shall be the difference
17 between the mortgage amount and the maxi-
18 mum amount the Secretary may insure under
19 subparagraph (A) of the first sentence of sec-
20 tion 203(b)(2) for the area.

21 “(D) ADDITIONAL RESTRICTION.—The
22 principal obligation of a mortgage may not ex-
23 ceed the amount equal to the sum of—

1 “(i) the amount determined in accord-
2 ance with subparagraph (B) of the first
3 sentence of section 203(b)(2); and

4 “(ii) the mortgage insurance pre-
5 mium.

6 “(3) REFINANCING.—Notwithstanding para-
7 graph (2), in the case of refinancing of an existing
8 mortgage insured under this section, the principal
9 obligation of a refinancing mortgage may not exceed
10 the amount equal to the sum of—

11 “(i) the outstanding principal balance
12 of the existing mortgage; and

13 “(ii) any mortgage insurance pre-
14 mium.

15 “(h) INSURANCE CLAIMS.—

16 “(1) IN GENERAL.—In the case of a default
17 and foreclosure of a mortgage insured under this
18 section, the mortgagee may file a claim with the
19 State or State or local agency for insurance benefits
20 in accordance with requirements established by the
21 State or State or local agency and approved by the
22 Secretary. The State or State or local agency shall
23 pay the full amount of the claim owed to the mort-
24 gagee. If the loss on the insured mortgage exceeds
25 the amount insured by the State or State or local

1 agency, the Secretary shall reimburse the State or
2 State or local agency for the difference.

3 “(2) GENERAL INSURANCE FUND.—The insur-
4 ance of a mortgage under this section by the Sec-
5 retary shall be an obligation of the General Insur-
6 ance Fund created pursuant to section 519.

7 “(i) INAPPLICABILITY OF THE ASSIGNMENT AND
8 FORECLOSURE PROGRAMS.—Section 230 shall not apply
9 to mortgages insured under a program authorized by this
10 section. The Secretary shall not otherwise acquire any
11 property securing a mortgage insured under this section.

12 “(j) LIMITATION.—The total mortgage amount in-
13 sured under this section may not exceed \$750,000,000 for
14 each fiscal year.

15 “(k) DEFINITIONS.—For purposes of this section, the
16 following definitions shall apply:

17 “(1) LOCAL AGENCY.—The term ‘local agency’
18 means an agency of a unit of general local govern-
19 ment, as defined by the Secretary, that has the au-
20 thority to participate with the Secretary in the single
21 family risk-sharing program under this section, or
22 an agency or instrumentality of a local agency if the
23 agency or instrumentality has such authority.

24 “(2) STATE AGENCY.—The term ‘State agency’
25 means an agency of a State that has the authority

1 to participate with the Secretary in the single family
2 risk-sharing program under this section, or an agen-
3 cy or instrumentality of a State agency if the agency
4 or instrumentality has such authority.

5 “(3) SINGLE FAMILY PROPERTY.—The term
6 ‘single family property’ means a property upon
7 which there is located a 1- to 4-family dwelling de-
8 signed principally for occupancy by the borrower,
9 and includes a condominium and a cooperative.

10 “(4) STATE.—The term ‘State’ means the sev-
11 eral States and Puerto Rico, the District of Colum-
12 bia, Guam, the Trust Territory of the Pacific Is-
13 lands, American Samoa, and the Virgin Islands.”.

14 (b) IMPLEMENTATION.—The Secretary shall, by pro-
15 posed rule published in the Federal Register, establish
16 such requirements as may be necessary to carry out this
17 section. Not later than 12 months after the date of enact-
18 ment of this Act, the Secretary shall issue final regulations
19 based on the proposed rule after notice and opportunity
20 for public comment.

21 **SEC. 305. HOMEOWNERSHIP COUNSELING AND OUTREACH.**

22 (a) IN GENERAL.—Section 106(a) of the Housing
23 and Urban Development Act of 1968 (12 U.S.C.
24 1701x(a)) is amended—

25 (1) in paragraph (1)—

1 (A) in the matter preceding clause (i), by
 2 inserting “or consortia of organizations” after
 3 “organizations”;

4 (B) in clause (iii), by striking “and” at the
 5 end;

6 (C) in clause (iv), by striking the period at
 7 the end and inserting “; and”; and

8 (D) by adding at the end the following new
 9 clause:

10 “(v) the provision of outreach activi-
 11 ties designed to improve the access of low-
 12 and moderate-income households to home-
 13 ownership opportunities and sources of
 14 mortgage credit.”;

15 (2) in the second sentence of paragraph (2)—

16 (A) by striking “clause (iii)” and inserting
 17 “clauses (iii) and (v)”;

18 (B) by inserting after “organizations” the
 19 following: “or consortia of organizations”; and

20 (3) by striking paragraph (3) and inserting the
 21 following:

22 “(3) CONTRACTING AUTHORITY.—The Sec-
 23 retary may contract with national, State, or commu-
 24 nity-based entities, and consortia of such entities, to
 25 carry out activities under paragraph (1)(v). Contrac-

1 tors shall be selected on a competitive basis, in ac-
2 cordance with selection criteria determined by the
3 Secretary. The contractors shall carry out activities
4 prescribed by the Secretary, including—

5 “(A) leveraging Federal funds with other
6 sources of funding to support activities under
7 the contractor’s counseling program, including
8 leveraging private resources for the purpose of
9 assisting prospective mortgagors achieve home-
10 ownership;

11 “(B) conducting outreach and marketing
12 to prospective homebuyers, particularly those in
13 neighborhoods with a high proportion of low-
14 and moderate-income and minority renter
15 households;

16 “(C) implementing a coordinated
17 prepurchase homeownership strategy that—

18 “(i) links other HUD-approved coun-
19 seling providers and community-based or-
20 ganizations;

21 “(ii) assists prospective homebuyers to
22 repair credit;

23 “(iii) educates potential homebuyers
24 on the requirements of homeownership;

25 “(iv) provides technical assistance;

1 “(v) assists in the packaging of mort-
2 gage loan applications;

3 “(vi) matches a family’s resources
4 with appropriate Government and private
5 sector homeownership assistance programs;
6 and

7 “(vii) offers post-purchase and de-
8 fault-prevention counseling; and

9 “(D) working with the mortgage lending
10 industry to overcome mortgage credit barriers
11 to potential homebuyers.”.

12 (b) REPEAL OF TERMINATION PROVISIONS.—Section
13 106 of the Housing and Urban Development Act of 1968
14 (12 U.S.C. 1701x) is amended by striking—

15 (1) subsection (a)(3);

16 (2) paragraphs (8) and (9) of subsection (c);

17 (3) paragraphs (12) and (13) of subsection (d);

18 and

19 (4) subsection (f)(7).

20 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
21 106 of the Housing and Urban Development Act of 1968
22 (12 U.S.C. 1701x) is amended by adding at the end the
23 following new subsection:

24 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated for the purposes of this

1 section, \$25,000,000 for fiscal year 1995, and
 2 \$25,750,000 for fiscal year 1996. Any amounts so appro-
 3 priated shall remain available until expended.”.

4 **SEC. 306. DELEGATION OF INSURING AUTHORITY TO DI-**
 5 **RECT ENDORSEMENT MORTGAGEES.**

6 Title II of the National Housing Act (12 U.S.C. 1707
 7 et seq.), as amended by sections 303 and 304, is amended
 8 by adding at the end the following new section:

9 **“SEC. 258. DELEGATION OF INSURING AUTHORITY TO DI-**
 10 **RECT ENDORSEMENT MORTGAGEES.**

11 “(a) IN GENERAL.—

12 “(1) AUTHORITY.—The Secretary may dele-
 13 gate, to one or more mortgagees approved by the
 14 Secretary under the direct endorsement program,
 15 the authority of the Secretary under this Act to in-
 16 sure mortgages involving property upon which there
 17 is located a dwelling designed principally for occu-
 18 pancy by 1 to 4 families.

19 “(2) FACTORS CONSIDERED IN MAKING DETER-
 20 MINATION.—In determining whether to delegate au-
 21 thority to a mortgagee under this subsection, the
 22 Secretary shall take into account—

23 “(A) the experience and performance of
 24 the mortgagee under the direct endorsement
 25 program;

1 “(B) the default rate of insured mortgages
2 originated by the mortgagee compared to the
3 default rate of all insured mortgages in com-
4 parable markets; and

5 “(C) such other factors as the Secretary
6 determines appropriate to minimize risk of loss
7 to the insurance funds under this Act.

8 “(3) RESTRICTION.—The Secretary shall not
9 delegate insuring authority pursuant to this section
10 to a mortgagee approved under the direct endorse-
11 ment program if the mortgagee has experienced a
12 default rate on mortgages insured by the Secretary
13 that exceeds the national default rate on such mort-
14 gages.

15 “(b) INDEMNIFICATION.—

16 “(1) IN GENERAL.—If the Secretary determines
17 that a mortgage insured by a mortgagee pursuant to
18 a delegation of authority under this section was not
19 originated in accordance with the requirements es-
20 tablished by the Secretary, and the Secretary pays
21 an insurance claim with respect to the mortgage
22 within a reasonable period specified by the Sec-
23 retary, the Secretary shall require the mortgagee ap-
24 proved under this section to indemnify the Secretary
25 for the loss.

1 “(2) FRAUD OR MISREPRESENTATION.—Not-
2 withstanding paragraph (1), if fraud or misrepresen-
3 tation is involved in connection with the origination
4 of the mortgage, the Secretary shall require the
5 mortgagee approved under this section to indemnify
6 the Secretary for the loss regardless of when the in-
7 surance claim is paid.

8 “(c) CANCELLATION.—For a violation of require-
9 ments and procedures established by the Secretary or for
10 other good cause, the Secretary may cancel a delegation
11 of authority under this section by giving notice to the
12 mortgagee. The cancellation shall be effective immediately
13 upon receipt of the notice by the mortgagee. A decision
14 by the Secretary to cancel a delegation shall be final and
15 conclusive and shall not be subject to judicial review.

16 “(d) REGULATIONS.—The Secretary shall issue regu-
17 lations establishing requirements and procedures for the
18 delegation of authority pursuant to this section, and proce-
19 dures governing the indemnification of the Secretary by
20 the mortgagee.”.

1 **Subtitle B—Miscellaneous**
 2 **Provisions**

3 **SEC. 311. NATIONAL HOMEOWNERSHIP FUND DEMONSTRATION.**
 4 **TION.**

5 Subtitle A of title III of the Cranston-Gonzalez Na-
 6 tional Affordable Housing Act (42 U.S.C. 12851 et seq.)
 7 is amended to read as follows:

8 **“Subtitle A—National Homeowner-**
 9 **ship Fund Demonstration**

10 **“SEC. 301. SHORT TITLE.**

11 “‘This subtitle may be cited as the ‘National Home-
 12 ownership Fund Demonstration Act’.

13 **“SEC. 302. PROGRAM AUTHORITY.**

14 “(a) IN GENERAL.—The Secretary may provide
 15 grants in accordance with the provisions of this subtitle
 16 to States, units of general local government, and private
 17 or public nonprofit organizations. Such grants shall be
 18 used to provide first-time homebuyers (including home-
 19 buyers buying shares in limited equity cooperatives) with
 20 one or more of the following types of assistance:

21 “(1) CLOSING COST ASSISTANCE.—Assistance
 22 payments through grantees to provide amounts for
 23 downpayments, closing, and other costs payable at
 24 the time of closing.

1 “(2) SECOND MORTGAGE ASSISTANCE.—Assist-
2 ance payments through grantees to provide second
3 mortgages.

4 “(3) CAPITALIZATION OF REVOLVING LOAN
5 FUNDS.—Revolving loan funds established by grant-
6 ees that are public agencies or nonprofit organiza-
7 tions to provide homeownership assistance consistent
8 with the requirements of this subtitle. Such grants
9 shall be matched by an equal amount of State or
10 local investment. Any proceeds or repayments from
11 loans made under this paragraph shall be returned
12 to the revolving loan fund established under this
13 paragraph to be used for purposes related to this
14 section.

15 “(b) ELIGIBILITY REQUIREMENTS.—Assistance pay-
16 ments under this subtitle may be made only if the follow-
17 ing requirements are met:

18 “(1) FIRST-TIME HOMEBUYER.—The home-
19 buyer is an individual who—

20 “(A) (and whose spouse) has had no own-
21 ership in a principal residence during the 3-year
22 period ending on the date of purchase of the
23 property with respect to which assistance pay-
24 ments are made under this subtitle;

1 “(B) is a displaced homemaker who, except
2 for owning a home with his or her spouse or re-
3 siding in a home owned by the spouse, meets
4 the requirements of subparagraph (A); or

5 “(C) is a single parent who, except for
6 owning a home with his or her spouse or resid-
7 ing in a home owned by the spouse while mar-
8 ried, meets the requirements of subparagraph
9 (A).

10 “(2) MAXIMUM INCOME OF HOMEBUYER.—The
11 aggregate annual income of the homebuyer and the
12 members of the family of the homebuyer residing
13 with the homebuyer does not exceed 80 percent of
14 the area median income adjusted for family size.

15 “(3) PRINCIPAL RESIDENCE.—The property se-
16 curing the mortgage is a single family residence,
17 manufactured housing unit, or unit in a cooperative
18 or condominium and is the principal residence of the
19 homebuyer.

20 “(4) MAXIMUM MORTGAGE AMOUNT.—The
21 principal obligation of the first mortgage and any
22 second mortgage assistance provided under this sub-
23 title does not exceed the principal amount authorized
24 to be insured with respect to the property under sec-
25 tion 203(b) of the National Housing Act.

1 “(c) TERMS OF ASSISTANCE.—

2 “(1) IN GENERAL.—A grantee may provide as-
3 sistance under this subtitle in the form of grants,
4 loans, or periodic assistance payments.

5 “(2) SECURITY.—If assistance payments under
6 this subtitle are secured by a lien on the property in-
7 volved, such lien shall be subordinate to all mort-
8 gages existing on the property on the date on which
9 the first assistance payment is made.

10 “(3) REPAYMENT IF PROPERTY CEASES TO BE
11 PRINCIPAL RESIDENCE.—If the property for which
12 assistance payments are made ceases to be the prin-
13 cipal residence of the first-time homebuyer (or the
14 family of the homebuyer), the grantee may require
15 the repayment of all or a portion of the assistance
16 payments.

17 “(d) ALLOCATION.—

18 “(1) IN GENERAL.—Each applicant shall sub-
19 mit an application in such form and in accordance
20 with such procedures as the Secretary shall estab-
21 lish.

22 “(2) MINIMUM REQUIREMENTS.—An applica-
23 tion under this section shall contain a plan that de-
24 scribes how the applicant will achieve the objectives

1 of this subtitle. The application shall contain a de-
2 scription of—

3 “(A) the geographic area to be covered;

4 “(B) the characteristics of the households
5 to be served;

6 “(C) any other public and private re-
7 sources available in connection with assistance
8 under this subtitle;

9 “(D) any secondary market involvement
10 and commitment;

11 “(E) any nontraditional capital resources;

12 “(F) the prepurchase counseling assistance
13 and post-purchase homeownership counseling to
14 be made available to the borrower;

15 “(G) any restrictions on resale and profits;

16 “(H) resources available to undertake re-
17 habilitation of properties when needed;

18 “(I) the process for award and disburse-
19 ment of funds to borrowers; and

20 “(J) the past history of the applicant in
21 undertaking similar projects.

22 “(3) ESCROW FOR REPAIRS.—An applicant may
23 be required by the Secretary to establish escrow pro-
24 cedures for the regular collection of funds from bor-
25 rowers for use by the borrower to undertake reha-

1 bilitation of properties. Such procedures shall in-
 2 clude procedures for the return of escrow amounts
 3 to the borrower upon the sale of the house, for emer-
 4 gencies, and for other reasons as determined by the
 5 applicant and the borrower. An escrow account shall
 6 bear interest at the passbook rate for the benefit of
 7 the borrower.

8 “(4) SELECTION.—Amounts available in any
 9 fiscal year for assistance under this subtitle shall be
 10 allocated to States (including State agencies), units
 11 of general local government, or public or private
 12 nonprofit organizations through a national competi-
 13 tion in accordance with criteria established by the
 14 Secretary. These criteria shall include—

15 “(A) the extent to which the applicant has
 16 experience in providing homeownership assist-
 17 ance to low- and moderate-income households;

18 “(B) the extent of homeownership needs in
 19 the area; and

20 “(C) the lack of alternative forms of credit
 21 for first-time homebuyers in the area.

22 **“SEC. 303. DEFINITIONS.**

23 “For purposes of this subtitle, the following defini-
 24 tions shall apply:

1 “(1) DISPLACED HOMEMAKER.—The term ‘dis-
2 placed homemaker’ means an individual who—

3 “(A) is an adult;

4 “(B) has not worked full-time in the labor
5 force for a number of years, but has during
6 such years, worked primarily without remunera-
7 tion to care for the home and family; and

8 “(C) is unemployed or underemployed, as
9 determined by the Secretary, and is experienc-
10 ing difficulty in obtaining or upgrading employ-
11 ment.

12 “(2) SINGLE PARENT.—The term ‘single par-
13 ent’ means an individual who—

14 “(A) is unmarried or legally separated
15 from a spouse; and

16 “(B)(i) has 1 or more minor children for
17 whom the individual has custody or joint cus-
18 tody; or

19 “(ii) is pregnant.

20 “(3) SECRETARY.—The term ‘Secretary’ means
21 the Secretary of Housing and Urban Development.

22 “(4) STATE.—The term ‘State’ means any of
23 the States of the United States, the District of Co-
24 lumbia, the Commonwealth of Puerto Rico, the Com-
25 monwealth of the Northern Mariana Islands, Guam,

1 the Virgin Islands, American Samoa, the Trust Ter-
 2 ritory of the Pacific Islands, and any other territory
 3 or possession of the United States.

4 “(5) UNIT OF GENERAL LOCAL GOVERN-
 5 MENT.—The term ‘unit of general local government’
 6 has the same meaning as in section 102(a) of the
 7 Housing and Community Development Act of 1974.

8 “(6) NONPROFIT ORGANIZATION.—The term
 9 ‘nonprofit organization’ means an organization—

10 “(A) no part of the net earnings of which
 11 inures to the benefit of any member, founder,
 12 contributor, or individual;

13 “(B) that has a voluntary board;

14 “(C) that has an accounting system, or has
 15 designated a fiscal agent in accordance with re-
 16 quirements established by the Secretary; and

17 “(D) that practices nondiscrimination in
 18 the provision of assistance.

19 **“SEC. 304. REPORT.**

20 “Not later than 6 months following the last obligation
 21 of assistance by grantees under this subtitle, the Secretary
 22 shall submit to the Committee on Banking, Housing, and
 23 Urban Affairs of the Senate and the Committee on Bank-
 24 ing, Finance and Urban Affairs of the House of Rep-
 25 resentatives a report containing a description of the activi-

1 ties carried out under this subtitle and an analysis of the
 2 effectiveness of such assistance in assisting first-time
 3 homebuyers.

4 **“SEC. 305. AUTHORIZATION OF APPROPRIATIONS.**

5 “There are authorized to be appropriated for assist-
 6 ance payments under this subtitle \$50,000,000 for fiscal
 7 year 1995 and \$50,000,000 for fiscal year 1996. Amounts
 8 appropriated under this section shall remain available
 9 until expended.”.

10 **SEC. 312. SECTION 235 REFINANCING.**

11 Section 235(r) of the National Housing Act (12
 12 U.S.C. 1715z(r)) is amended—

13 (1) in paragraph (2)(C), by inserting before the
 14 semicolon the following: “, plus the costs incurred in
 15 connection with the refinancing as described in para-
 16 graph (4)(B), to the extent that the amount for
 17 those costs is not otherwise included in the interest
 18 rate permitted by subparagraph (E), or paid by the
 19 Secretary as authorized by paragraph (4)(B)”;

20 (2) in paragraph (4)—

21 (A) by inserting “and the mortgagee with
 22 respect to the amount described in subpara-
 23 graph (A)” after “otherwise”; and

24 (B) in subparagraph (A), by inserting
 25 “and the mortgagee” after “mortgagor”; and

1 (3) by striking paragraph (5) and inserting the
2 following:

3 “(5) USE OF RECAPTURED AMOUNTS.—The
4 Secretary shall use amounts of budget authority re-
5 captured from assistance payments contracts relat-
6 ing to mortgages that are being refinanced for as-
7 sistance payments contracts with respect to mort-
8 gages insured under this subsection. The Secretary
9 may also make such recaptured amounts available
10 for incentives under paragraph (4)(A) and the costs
11 incurred in connection with the refinancing under
12 paragraph (4)(B). For purposes of subsection
13 (c)(3)(A), the amount of recaptured budget author-
14 ity that the Secretary commits for assistance pay-
15 ments contracts relating to mortgages insured under
16 this subsection and for amounts paid under para-
17 graph (4) shall not be construed as ‘unused’.”.

18 **SEC. 313. ENERGY EFFICIENT MORTGAGES PILOT PRO-**
19 **GRAM.**

20 Section 513(a)(1) of the Housing and Community
21 Development Act of 1992 (42 U.S.C. 12712 note) is
22 amended—

23 (1) by striking “5 States” and inserting “10
24 States”; and

1 (2) by adding at the end the following: “In se-
 2 lecting States under this paragraph, the Secretary
 3 shall give preference to any State that has dem-
 4 onstrated a commitment to participate in an energy
 5 efficient mortgage program in conjunction with a
 6 government-sponsored housing enterprise.”.

7 **Subtitle C—Authorizations**

8 **SEC. 321. LIMITATION ON GNMA GUARANTEES FOR MORT-** 9 **GAGE-BACKED SECURITIES.**

10 Section 306(g)(2) of the Federal National Mortgage
 11 Association Charter Act (12 U.S.C. 1721(g)(2)) is amend-
 12 ed in the first sentence by striking “\$107,700,000,000”
 13 and all that follows before the period and inserting
 14 “\$142,000,000,000 during fiscal year 1995 and
 15 \$142,000,000,000 during fiscal year 1996”.

16 **SEC. 322. LIMITATION ON FHA INSURING AUTHORITY.**

17 Section 531(b) of the National Housing Act (12
 18 U.S.C. 1735f–9(b)) is amended to read as follows:

19 “(b) LIMITATION ON INSURANCE AUTHORITY.—Not-
 20 withstanding any other provision of law and subject only
 21 to the absence of qualified requests for insurance, to the
 22 authority provided in this Act, and to the limitation in
 23 subsection (a), the Secretary shall enter into commitments
 24 to insure mortgages under this Act with an aggregate

1 principal amount of \$120,900,000,000 during fiscal year
2 1995 and \$120,900,000,000 during fiscal year 1996.”.

3 **SEC. 323. HOPE AUTHORIZATION OF APPROPRIATIONS.**

4 Section 402 of the Cranston-Gonzalez National Af-
5 fordable Housing Act (42 U.S.C. 12870) is amended by
6 striking subsection (a) and inserting the following:

7 “(a) HOMEOWNERSHIP PROGRAMS.—There are au-
8 thorized to be appropriated for activities authorized under
9 title III of the United States Housing Act of 1937 and
10 subtitles B and C of title IV of this Act \$75,000,000 for
11 fiscal year 1995, and \$75,000,000 for fiscal year 1996.
12 Of the amounts appropriated under this section—

13 “(1) up to \$25,000,000 shall be available each
14 fiscal year for implementation grants to applicants
15 who have successfully completed planning grants
16 under title III; and

17 “(2) up to 5 percent shall be available for tech-
18 nical assistance.”.

19 **SEC. 324. HOME EQUITY CONVERSION MORTGAGES.**

20 (a) PROGRAM EXTENSION.—Section 255(g) of the
21 National Housing Act (12 U.S.C. 1715z–20(g)) is amend-
22 ed by striking “September 30, 1995” and inserting “Sep-
23 tember 30, 1996”.

1 (b) ELIGIBLE RESIDENCES.—Section 255(d)(3) of
2 the National Housing Act (12 U.S.C. 1715z–20(d)(3)) is
3 amended to read as follows:

4 “(3) be secured by a dwelling that is designed
5 principally for a 1- to 4-family residence in which
6 the mortgagor occupies 1 of the units;”.

7 (c) REPORTS.—Section 255(k) of the National Hous-
8 ing Act (12 U.S.C. 1715z–20(k)) is amended by adding
9 at the end the following: “Each biennial report shall also
10 include the results of a survey conducted during the period
11 since the most recent report under this subsection to de-
12 termine—

13 “(A) the financial and other needs of elder-
14 ly homeowners that cause such homeowners to
15 consider obtaining home equity conversion
16 mortgages; and

17 “(B) the extent of consumer satisfaction
18 regarding the program under this section and
19 counseling provided pursuant to the require-
20 ments of this section.

21 In conducting the survey, the Secretary shall consult
22 a representative sample of mortgagors of mortgages
23 insured under this section and of elderly home-
24 owners who have expressed interest in obtaining, but
25 have not obtained, such mortgages.”.

1 **TITLE IV—SECTION 8 RENTAL**
2 **ASSISTANCE**

3 **SEC. 401. MERGER OF THE CERTIFICATE AND VOUCHER**
4 **PROGRAMS.**

5 (a) MERGER OF CERTIFICATE AND VOUCHER PRO-
6 GRAMS.—Section 8(o) of the United States Housing Act
7 of 1937 (42 U.S.C. 1437f(o)) is amended to read as fol-
8 lows:

9 “(o) CERTIFICATE PROGRAM.—

10 “(1) PAYMENT STANDARD.—

11 “(A) IN GENERAL.—The Secretary may
12 provide assistance to public housing agencies
13 for tenant-based assistance using a payment
14 standard established in accordance with sub-
15 paragraph (B). The payment standard shall be
16 used to determine the monthly assistance which
17 may be paid for any family, as provided in
18 paragraph (2).

19 “(B) ESTABLISHMENT OF PAYMENT
20 STANDARD.—

21 “(i) IN GENERAL.—Except as pro-
22 vided in clauses (ii) and (iii), the payment
23 standard shall equal the fair market rental
24 established under subsection (c). A public
25 housing agency shall adjust its payment

1 standard under this subsection whenever it
2 is necessary to maintain its equality with
3 the fair market rent, unless the Secretary
4 determines pursuant to clause (ii) or (iii)
5 that the payment standard should exceed
6 or be less than the fair market rent.

7 “(ii) PAYMENT STANDARD EXCEEDING
8 FAIR MARKET RENTAL.—The payment
9 standard for a designated part of the mar-
10 ket area may exceed the fair market rental
11 by not more than 20 percent, if the Sec-
12 retary determines that higher market rents
13 in that part of the market area justify a
14 higher payment standard.

15 “(iii) PAYMENT STANDARD LESS
16 THAN FAIR MARKET RENTAL.—The pay-
17 ment standard may be less than the fair
18 market rental if, upon request by the pub-
19 lic housing agency, the Secretary deter-
20 mines that the market rents in that part of
21 the market area justify a lower payment
22 standard.

23 “(C) ADJUSTMENTS IN PAYMENT STAND-
24 ARD.—

1 “(i) IN GENERAL.—A public housing
2 agency may adjust its payment standard
3 under this subsection if necessary to assure
4 continued affordability for families receiv-
5 ing tenant-based assistance.

6 “(ii) SET-ASIDE.—The Secretary may
7 set aside not more than 5 percent of the
8 budget authority available under this sub-
9 section as an adjustment pool. The Sec-
10 retary shall use amounts in the adjustment
11 pool for adjustments pursuant to clause (i)
12 to ensure continued affordability if the
13 Secretary determines additional assistance
14 for this purpose is necessary, based on doc-
15 umentation submitted by a public housing
16 agency.

17 “(D) APPROVAL.—The Secretary may re-
18 quire a public housing agency to submit pro-
19 posed payment standards to the Secretary for
20 approval.

21 “(2) AMOUNT OF MONTHLY ASSISTANCE PAY-
22 MENT.—

23 “(A) FAMILIES RECEIVING TENANT-BASED
24 ASSISTANCE; RENT LESS THAN PAYMENT
25 STANDARD.—For a family receiving tenant-

1 based assistance, if the rent (including the
2 amount allowed for tenant-paid utilities) does
3 not exceed the payment standard, the monthly
4 assistance payment shall be the amount by
5 which the rent exceeds the greatest of the fol-
6 lowing amounts, rounded to the nearest dollar:

7 “(i) Thirty percent of the family’s
8 monthly adjusted income.

9 “(ii) Ten percent of the family’s
10 monthly income.

11 “(iii) If the family is receiving pay-
12 ments for welfare assistance from a public
13 agency and a part of such payments, ad-
14 justed in accordance with the family’s ac-
15 tual housing costs, is specifically des-
16 ignated by such agency to meet the fami-
17 ly’s housing costs, the portion of such pay-
18 ments which is so designated.

19 “(B) FAMILIES RECEIVING TENANT-BASED
20 ASSISTANCE; RENT EXCEEDS PAYMENT STAND-
21 ARD.—For a family receiving tenant-based as-
22 sistance, if the rent (including the amount al-
23 lowed for tenant-paid utilities) exceeds the pay-
24 ment standard, the monthly assistance payment
25 shall be the amount by which the applicable

1 payment standard exceeds the greatest of the
2 following amounts, rounded to the nearest dol-
3 lar:

4 “(i) Thirty percent of the family’s
5 monthly adjusted income.

6 “(ii) Ten percent of the family’s
7 monthly income.

8 “(iii) If the family is receiving pay-
9 ments for welfare assistance from a public
10 agency and a part of such payments, ad-
11 justed in accordance with the family’s ac-
12 tual housing costs, is specifically des-
13 ignated by such agency to meet the fami-
14 ly’s housing costs, the portion of such pay-
15 ments which is so designated.

16 “(C) FAMILIES RECEIVING PROJECT-
17 BASED ASSISTANCE.—For a family receiving
18 project-based assistance, the rent the family is
19 required to pay shall be determined in accord-
20 ance with section 3(a)(1) and the amount of the
21 housing assistance payment shall be determined
22 in accordance with subsection (c)(3).

23 “(3) FORTY PERCENT LIMIT.—At the time a
24 family initially receives tenant-based assistance with
25 respect to any unit, the total amount a family may

1 pay toward rent may not exceed 40 percent of the
2 family's monthly adjusted income.

3 “(4) ELIGIBLE FAMILIES.—At the time a fam-
4 ily initially receives assistance under this subsection,
5 a family shall qualify as—

6 “(A) a very low-income family;

7 “(B) a family previously assisted under
8 this Act; or

9 “(C) a low-income family that meets eligi-
10 bility criteria specified by the Secretary.

11 “(5) ANNUAL REVIEW OF FAMILY INCOME.—A
12 review of the family income of each family receiving
13 assistance under this subsection shall be made not
14 less than annually.

15 “(6) SELECTION OF FAMILIES.—

16 “(A) PREFERENCE.—Except as provided
17 in subparagraph (B), in selecting families to re-
18 ceive assistance under this subsection, the pub-
19 lic housing agency shall give preference to fami-
20 lies that, at the time they are seeking such as-
21 sistance—

22 “(i) occupy substandard housing (in-
23 cluding families that are homeless or living
24 in an emergency or transitional shelter for
25 homeless families);

1 “(ii) are involuntarily displaced; or

2 “(iii) are paying more than 50 percent
3 of family income for rent.

4 “(B) ASSISTANCE TO OTHER FAMILIES.—

5 A public housing agency may provide for cir-
6 cumstances in which a family that does not
7 qualify for any preference established in sub-
8 paragraph (A) is provided assistance under this
9 subsection before a family that does qualify for
10 such preference. However, not more than 10
11 percent in the case of tenant-based assistance
12 and not more than 30 percent in the case of
13 project-based assistance (or such higher per-
14 centage, in either case, determined by the Sec-
15 retary to be necessary or appropriate) of the
16 families that initially receive assistance in any
17 1-year period may be families that do not qual-
18 ify for such preference. In implementing this
19 subparagraph, the public housing agency shall
20 establish a system of preferences in writing and
21 after public hearing to respond to local housing
22 needs and priorities, which may include—

23 “(i) assisting very low-income families
24 that participate in a program designed to
25 provide public assistance recipients with

1 greater access to employment and edu-
2 cational opportunities;

3 “(ii) assisting families identified by
4 local public agencies involved in providing
5 for the welfare of children as having a lack
6 of adequate housing that is a primary fac-
7 tor in the imminent placement of a child in
8 foster care, or in preventing the discharge
9 of a child from foster care and reunifica-
10 tion with his or her family;

11 “(iii) assisting youth, upon discharge
12 from foster care, in cases in which return
13 to the family or extended family or adop-
14 tion is not available;

15 “(iv) assisting veterans that will use
16 the assistance for a dwelling unit designed
17 for the handicapped, and, upon discharge
18 or eligibility for discharge from a hospital
19 or nursing home, have a physical disability
20 which, because of the configuration of their
21 homes, prevents them from access to or
22 use of their homes; and

23 “(v) other housing policy objectives,
24 as approved by the Secretary.

1 “(C) EVICTION FOR DRUG-RELATED AC-
2 TIVITY.—Any individual or family evicted from
3 housing assisted under this Act by reason of
4 drug-related criminal activity (as defined in
5 subsection (f)(5)) shall not be eligible for a
6 preference under any provision of this para-
7 graph for 3 years unless the evicted tenant suc-
8 cessfully completes a rehabilitation program ap-
9 proved by the Secretary (which shall include
10 waiver for any member of the family of an indi-
11 vidual prohibited from tenancy under this sub-
12 paragraph whom the agency determines clearly
13 did not participate in and had no knowledge of
14 such criminal activity, or when circumstances
15 leading to eviction no longer exist).

16 “(7) INSPECTION OF UNITS BY PUBLIC HOUS-
17 ING AGENCIES.—For each dwelling unit assisted
18 under this subsection, the Secretary shall require the
19 public housing agency to—

20 “(A) inspect the unit before any assistance
21 payment may be made to determine that the
22 unit meets housing quality standards for de-
23 cent, safe, and sanitary housing established by
24 the Secretary for the purpose of this subsection;
25 and

1 “(B) make annual or more frequent in-
2 spections during the contract term.

3 “(8) VACATED UNITS.—If a family vacates a
4 dwelling unit, no assistance payment may be made
5 for the unit after the month during which the unit
6 was vacated.

7 “(9) RENT.—

8 “(A) REASONABLE MARKET RENT.—The
9 rent for units assisted under this subsection
10 shall be reasonable in comparison with rents
11 charged for comparable units in the private, un-
12 assisted market.

13 “(B) NEGOTIATED RENT.—A public hous-
14 ing agency shall, at the request of a family re-
15 ceiving tenant-based assistance under this sub-
16 section, assist such family in negotiating a rea-
17 sonable rent with an owner. A public housing
18 agency shall review the rent for a unit under
19 consideration by the family (and all rent in-
20 creases for units under lease by the family) to
21 determine whether the rent (or rent increase)
22 requested by an owner is reasonable. If a public
23 housing agency determines that the rent (or
24 rent increase) for a unit is not reasonable, the
25 agency shall disapprove a lease for such unit.

1 “(C) UNITS EXEMPT FROM LOCAL RENT
2 CONTROL.—If a unit assisted under this sub-
3 section is exempt from local rent control while
4 it is so assisted, the rent for such unit shall be
5 reasonable in comparison with other units in
6 the market area that are exempt from local rent
7 control.

8 “(D) PAYMENTS.—The public housing
9 agency shall make timely payment of any
10 amounts due to an owner under this paragraph.
11 The contract between the owner and the public
12 housing agency may provide for penalties for
13 the late payment of amounts due under the
14 contract which shall be imposed on the public
15 housing agency in accordance with generally ac-
16 cepted practices in the local housing market.

17 “(10) MANUFACTURED HOUSING.—

18 “(A) IN GENERAL.—A public housing
19 agency may make assistance payments on be-
20 half of a family that utilizes a manufactured
21 home as its principal place of residence. Such
22 payments may be made for the rental of the
23 real property on which the manufactured home
24 owned by any such family is located.

25 “(B) RENT CALCULATION.—

1 “(i) CHARGES INCLUDED.—For as-
 2 sistance pursuant to this paragraph, the
 3 rent for the space on which a manufac-
 4 tured home is located and with respect to
 5 which assistance payments are to be made
 6 includes maintenance and management
 7 charges and tenant-paid utilities.

8 “(ii) PAYMENT STANDARD.—The pub-
 9 lic housing agency shall establish a pay-
 10 ment standard for the purpose of deter-
 11 mining the monthly assistance which may
 12 be paid for any family under this para-
 13 graph. The payment standard may not ex-
 14 ceed an amount approved or established by
 15 the Secretary.

16 “(iii) MONTHLY ASSISTANCE PAY-
 17 MENT.—The monthly assistance payment
 18 under this paragraph shall be determined
 19 in accordance with paragraph (2).

20 “(11) CONTRACT FOR ASSISTANCE PAY-
 21 MENTS.—

22 “(A) IN GENERAL.—If the Secretary en-
 23 ters into an annual contributions contract with
 24 a public housing agency pursuant to which the
 25 agency will enter into a contract for assistance

1 payments with respect to an existing structure
2 under this subsection, the contract for assist-
3 ance payments may not be attached to the
4 structure unless the owner agrees to rehabili-
5 tate or newly construct the structure other than
6 with assistance under this Act and otherwise
7 complies with the requirements of this section.
8 The public housing agency may approve such
9 attachment for not more than 15 percent of the
10 funding available for tenant-based assistance
11 administered by the agency under this section.

12 “(B) EXTENSION OF CONTRACT TERM.—

13 In the case of a contract for assistance pay-
14 ments that is attached to a structure under this
15 paragraph, a public housing agency shall enter
16 into a contract with an owner, contingent upon
17 the future availability of appropriated funds for
18 the purpose of renewing expiring contracts for
19 assistance payments as provided in appropria-
20 tions Acts, to extend the term of the underlying
21 contract for assistance payments for such pe-
22 riod or periods as the Secretary determines to
23 be appropriate to achieve long-term afford-
24 ability of the housing. The contract shall obli-
25 gate the owner to have such extensions of the

1 underlying contract for assistance payments ac-
2 cepted by the owner and the owner's successors
3 in interest.

4 “(C) RENT CALCULATION.—For project-
5 based assistance under this paragraph, assist-
6 ance contracts shall establish rents and provide
7 for rent adjustments in accordance with sub-
8 section (c).

9 “(12) UNITS OTHER THAN PUBLIC HOUSING
10 UNITS.—A family may lease a unit, other than a
11 public housing unit, from the public housing agency
12 with assistance under this subsection. The Secretary
13 may establish appropriate program requirements for
14 units owned by the public housing agency, including
15 requirements—

16 “(A) for the Secretary's approval of initial
17 rents, rent adjustments, and administrative
18 fees, taking into account that the agency ad-
19 ministering the assistance is also the owner of
20 the assisted unit;

21 “(B) that the initial rent be reasonable in
22 accordance with paragraph (9)(A) and not ex-
23 ceed the fair market rent; and

24 “(C) that only tenant-based assistance may
25 be used for such units.

1 “(13) INAPPLICABLE TO TENANT-BASED AS-
2 SISTANCE.—Subsection (c) shall not apply to tenant-
3 based assistance under this subsection.

4 “(14) HOMEOWNERSHIP OPTION.—A public
5 housing agency providing assistance under this sec-
6 tion may, at the option of the agency, provide assist-
7 ance for homeownership under subsection (y).”.

8 (b) LEASING TO CERTIFICATE HOLDERS.—

9 (1) REPEAL.—Section 8(t) of the United States
10 Housing Act of 1937 (42 U.S.C. 1437f(t)) is re-
11 pealed.

12 (2) REPORT TO CONGRESS.—Not later than 3
13 years after the date of enactment of this Act, the
14 Comptroller General of the United States shall re-
15 port to the Congress on the effect of the repeal
16 made by paragraph (1). The report shall analyze—

17 (A) discriminatory practices based on
18 source of income and any other detrimental
19 practices occurring as a result of the repeal of
20 section 8(t) of the United States Housing Act
21 of 1937; and

22 (B) any increase in owner participation in
23 the program authorized under section 8(o) of
24 the United States Housing Act of 1937 occur-

1 ring as a result of the repeal of section 8(t) of
2 such Act.

3 (c) PORTABILITY.—Section 8(r) of the United States
4 Housing Act of 1937 (42 U.S.C. 1437f(r)) is amended—

5 (1) in paragraph (1), by striking “subsection
6 (b) or”;

7 (2) in paragraph (3)—

8 (A) by striking “subsection (b) or”; and

9 (B) by adding at the end the following new
10 sentence: “The Secretary may reserve amounts
11 available for assistance under subsection (o) to
12 compensate public housing agencies which issue
13 certificates to families that move into the juris-
14 diction of the agency under portability proce-
15 dures.”; and

16 (3) by adding at the end the following new
17 paragraph:

18 “(5) LEASE VIOLATIONS.—A family may not receive
19 a certificate from an agency and move to another jurisdic-
20 tion under the tenant-based assistance program if the
21 family has moved out of its assisted unit in violation of
22 its lease.”.

23 (d) HOMEOWNERSHIP OPTION.—Section 8(y) of the
24 United States Housing Act of 1937 (42 U.S.C. 1437f(y))
25 is amended—

1 (1) in paragraph (1)(A), by inserting before the
2 semicolon “, or owns or is acquiring shares in a co-
3 operative”;

4 (2) in paragraph (1)(B)(i), by inserting before
5 the semicolon “and demonstrates to the public hous-
6 ing agency that it has sufficient resources for home-
7 ownership”; and

8 (3) in paragraph (2), by striking subparagraph
9 (A) and inserting the following:

10 “(A) DETERMINATION OF AMOUNT OF AS-
11 SISTANCE.—

12 “(i) MONTHLY EXPENSES DO NOT EX-
13 CEED PAYMENT STANDARD.—If the
14 monthly homeownership expenses, as deter-
15 mined in accordance with requirements es-
16 tablished by the Secretary, do not exceed
17 the payment standard, the monthly assist-
18 ance payment shall be the amount by
19 which the homeownership expenses exceed
20 the highest of the following amounts,
21 rounded to the nearest dollar:

22 “(I) Thirty percent of the fami-
23 ly’s monthly adjusted income.

24 “(II) Ten percent of the family’s
25 monthly income.

1 “(III) If the family is receiving
2 payments for welfare assistance from
3 a public agency and a part of such
4 payments, adjusted in accordance with
5 the family’s actual housing costs, is
6 specifically designated by such agency
7 to meet the family’s housing costs, the
8 portion of such payments which is so
9 designated.

10 “(ii) MONTHLY EXPENSES EXCEED
11 PAYMENT STANDARD.—If the monthly
12 homeownership expenses, as determined in
13 accordance with requirements established
14 by the Secretary, exceed the payment
15 standard, the monthly assistance payment
16 shall be the amount by which the applica-
17 ble payment standard exceeds the highest
18 of the following amounts, rounded to the
19 nearest dollar:

20 “(I) Thirty percent of the fami-
21 ly’s monthly adjusted income.

22 “(II) Ten percent of the family’s
23 monthly income.

24 “(III) If the family is receiving
25 payments for welfare assistance from

1 a public agency and a part of such
 2 payments, adjusted in accordance with
 3 the family's actual housing costs, is
 4 specifically designated by such agency
 5 to meet the family's housing costs, the
 6 portion of such payments which is so
 7 designated.''.

8 (e) TECHNICAL AND CONFORMING AMENDMENTS TO
 9 THE UNITED STATES HOUSING ACT OF 1937; DELETION
 10 OF OBSOLETE PROVISIONS.—The United States Housing
 11 Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

12 (1) in section 8—

13 (A) in subsection (a), by striking the sec-
 14 ond and third sentences;

15 (B) in subsection (b)—

16 (i) in the section heading, by striking
 17 “RENTAL”; and

18 (ii) in the first undesignated para-
 19 graph, by striking the second sentence;

20 (C) in subsection (c)—

21 (i) in paragraph (3)—

22 (I) by striking “(A)”; and

23 (II) by striking subparagraph

24 (B);

1 (ii) in the first sentence of paragraph
2 (4), by striking “or by a family that quali-
3 fies to receive” and all that follows through
4 “1990”;

5 (iii) by striking paragraph (5) and re-
6 designating paragraph (6) as paragraph
7 (5);

8 (iv) by striking paragraph (7) and re-
9 designating paragraphs (8) through (10)
10 as paragraphs (6) through (8), respec-
11 tively;

12 (v) in paragraph (6), as redesignated,
13 by inserting “(other than a contract under
14 section 8(o))” after “section”; and

15 (vi) in paragraph (7), as redesignated,
16 by striking “(but not less than 90 days in
17 the case of housing certificates or vouchers
18 under subsection (b) or (o))” and inserting
19 “, other than a contract under subsection
20 (o)”;

21 (D) in subsection (d)(1)(A)—

22 (i) by inserting “except for assistance
23 under subsection (o),” immediately after
24 “(A)”; and

25 (ii) in clause (i)—

1 (I) by striking “(I)”;

2 (II) by striking “and (II) 90 per-
3 cent of such families in the case of as-
4 sistance not attached to a structure,”;
5 and

6 (III) by striking “except” and all that
7 follows before the semicolon;

8 (E) in subsection (d)(2), by striking the
9 third sentence of subparagraph (A) and all that
10 follows through the end of the paragraph;

11 (F) in subsection (f)—

12 (i) in paragraph (6), by striking
13 “(d)(2)” and inserting “(o)(13)”;

14 (ii) in paragraph (7)—

15 (I) by striking “(b) or”; and

16 (II) by inserting before the pe-
17 riod the following: “and that provides
18 for the eligible family to select suit-
19 able housing and to move to other
20 suitable housing”;

21 (G) by striking subsection (j) and inserting
22 the following:

23 “(j) [Repealed.]”;

24 (H) by striking subsection (n) and insert-
25 ing the following:

1 “(n) [Repealed.]”; and

2 (I) in subsection (q)—

3 (i) in the first sentence of paragraph
4 (1), by striking “and housing voucher pro-
5 grams under subsections (b) and (o)” and
6 inserting “program under this section”;

7 (ii) in paragraph (2)(A)(i), by striking
8 “and housing voucher programs under sub-
9 sections (b) and (o)” and inserting “pro-
10 gram under this section”; and

11 (iii) in paragraph (2)(B), by striking
12 “and housing voucher programs under sub-
13 sections (b) and (o)” and inserting “pro-
14 gram under this section”;

15 (2) in section 18(b)(3)—

16 (A) in subparagraph (A)(v), by striking
17 “(excluding vouchers under section 8(o))” each
18 place it appears;

19 (B) in subparagraph (B)—

20 (i) by striking “8(d)(2)(A)” and in-
21 serting “8(o)(11)”; and

22 (ii) in clause (ii), by striking “(exclud-
23 ing vouchers under section 8(o))”; and

24 (C) in subparagraph (C)(i), by striking
25 “and vouchers”;

1 (3) in section 21(b)(3)—

2 (A) in the first sentence, by striking “cer-
3 tificate under section 8(b)(1) or a housing
4 voucher under section 8(o)” and inserting “ten-
5 ant-based assistance under section 8”; and

6 (B) by striking the second sentence; and

7 (4) in section 23(b)(3)(A), by striking “Certifi-
8 cate and voucher assistance under section 8(b) and
9 (o)” and inserting “Tenant-based assistance under
10 section 8”.

11 (f) OTHER TECHNICAL AND CONFORMING AMEND-
12 MENTS.—

13 (1) DOCUMENTATION OF EXCESSIVE RENT
14 BURDENS.—Section 550(b) of the Cranston-Gon-
15 zalez National Affordable Housing Act (42 U.S.C.
16 1437f note) is amended—

17 (A) in paragraph (1), by striking “assisted
18 under the certificate and voucher programs es-
19 tablished” and inserting “receiving tenant-
20 based assistance”;

21 (B) in the first sentence of paragraph
22 (2)—

23 (i) by striking “, for each of the cer-
24 tificate program and the voucher program”

1 and inserting “for the tenant-based assist-
2 ance under section 8”; and

3 (ii) by striking “participating in the
4 program” and inserting “receiving tenant-
5 based assistance”; and

6 (C) in paragraph (3), by striking “assist-
7 ance under the certificate or voucher program”
8 and inserting “tenant-based assistance under
9 section 8 of the United States Housing Act of
10 1937”.

11 (2) FEASIBILITY STUDY REGARDING INDIAN
12 TRIBE ELIGIBILITY.—Section 561 of the Cranston-
13 Gonzalez National Affordable Housing Act (42
14 U.S.C. 1437f note) is amended—

15 (A) in the heading, by striking “FOR
16 VOUCHER PROGRAM”; and

17 (B) in subsection (a), by striking “vouch-
18 er”.

19 (3) GRANTS FOR COMMUNITY RESIDENCES AND
20 SERVICES.—Section 861(b)(1)(D) of the Cranston-
21 Gonzalez National Affordable Housing Act (42
22 U.S.C. 12910(b)(1)(D)) is amended by striking
23 “certificates or vouchers” and inserting “assist-
24 ance”.

1 (4) SECTION 8 CERTIFICATES AND VOUCH-
 2 ERS.—Section 931 of the Cranston-Gonzalez Na-
 3 tional Affordable Housing Act (42 U.S.C. 1437c
 4 note) is amended by striking “assistance under the
 5 certificate and voucher programs under sections 8(b)
 6 and (o)” and inserting “tenant-based assistance
 7 under section 8”.

8 (5) TENANT PARTICIPATION IN MULTIFAMILY
 9 HOUSING PROJECTS.—Section 183(c) of the Housing
 10 and Community Development Act of 1987 (42
 11 U.S.C. 1437f note) is amended—

12 (A) in the heading, by striking “AND
 13 VOUCHER HOLDERS”; and

14 (B) in paragraph (2), by striking “vouch-
 15 er” each place it appears and inserting “certifi-
 16 cate”.

17 (6) ASSISTANCE FOR DISPLACED TENANTS.—
 18 Section 223(a) of the Housing and Community De-
 19 velopment Act of 1987 (12 U.S.C. 4113(a)) is
 20 amended by striking “assistance under the certifi-
 21 cate and voucher programs under sections 8(b) and
 22 8(o)” and inserting “tenant-based assistance under
 23 section 8”.

24 (7) RURAL HOUSING PRESERVATION GRANTS.—
 25 Section 533(a) of the Housing Act of 1949 (42

1 U.S.C. 1490m(a)) is amended in the second sentence
2 by striking “assistance payments as provided by sec-
3 tion 8(o)” and inserting “tenant-based assistance as
4 provided under section 8”.

5 (8) REPEAL OF MOVING TO OPPORTUNITIES
6 FOR FAIR HOUSING DEMONSTRATION.—Section 152
7 of the Housing and Community Development Act of
8 1992 (42 U.S.C. 1437f note) is hereby repealed.

9 (9) PREFERENCES FOR ELDERLY FAMILIES
10 AND PERSONS.—Section 655 of the Housing and
11 Community Development Act of 1992 (42 U.S.C.
12 13615) is amended by striking “the first sentence of
13 section 8(o)(3)(B)” and inserting “section
14 8(o)(6)(A)”.

15 (10) ASSESSMENT CREDITS FOR DISTRESSED
16 COMMUNITIES.—Section 233(a)(4)(F) of the Bank
17 Enterprise Act of 1991 (12 U.S.C. 1834a(a)(4)(F))
18 is amended by striking “title III of the United
19 States Housing Act of 1937 or”.

20 (11) ASSISTANCE FOR TROUBLED MULTIFAMILY
21 HOUSING PROJECTS.—Section 201(m)(2)(A) of the
22 Housing and Community Development Amendments
23 of 1978 (12 U.S.C. 1715z–1a(m)(2)(A)) is amended
24 by striking “section 8(b)(1)” and inserting “section
25 8”.

1 (12) MANAGEMENT AND DISPOSITION OF MUL-
2 TIFAMILY HOUSING PROJECTS.—Section 203(g)(2)
3 of the Housing and Community Development
4 Amendments of 1978 (12 U.S.C. 1701z–11(g)(2)),
5 as amended by section 101(b) of the Multifamily
6 Housing Property Disposition Reform Act of 1994,
7 is amended by striking “8(o)(3)(B)” and inserting
8 “8(o)(6)(A)”.

9 (g) IMPLEMENTATION.—The Secretary shall imple-
10 ment the amendments made by this section by regulation
11 issued after notice and opportunity for public comment.

12 (h) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by
14 this section shall take effect upon a date specified by
15 the Secretary in the Federal Register.

16 (2) CONVERSION ASSISTANCE.— The Secretary
17 may provide for the conversion of assistance under
18 the certificate and voucher programs under sub-
19 sections (b) and (o) of the United States Housing
20 Act of 1937, as they existed before the effective date
21 of the amendments made by this section, to the cer-
22 tificate program established under this section. The
23 Secretary may continue to apply the provisions of
24 the United States Housing Act of 1937 and other
25 statutes amended by this section, as they existed im-

1 mediately before the effective date of the amend-
2 ments made by this section, to assistance obligated
3 by the Secretary before such effective date for the
4 certificate or voucher program under section 8 of the
5 United States Housing Act of 1937, if necessary for
6 simplification of program administration, avoidance
7 of hardship, or other good cause.

8 **SEC. 402. CHOICE IN RESIDENCY.**

9 Section 8(o) of the United States Housing Act of
10 1937 (42 U.S.C. 1437f(o)), as amended by section 401(a),
11 is amended by adding at the end the following new para-
12 graph:

13 “(14) GRANTS FOR CHOICE IN RESIDENCY
14 COUNSELING.—

15 “(A) AUTHORIZATION.—The Secretary
16 may make grants to public housing agencies
17 and nonprofit organizations for the purpose of
18 providing counseling to applicants for and re-
19 cipients of tenant-based assistance. The coun-
20 seling shall be designed to enable families to se-
21 lect units through informed choice, including
22 units in areas without high concentrations of
23 persons living in poverty.

1 “(B) ELIGIBLE ACTIVITIES.—Activities as-
2 sisted with grants made under this paragraph
3 may include—

4 “(i) advising families on strategies for
5 obtaining appropriate housing;

6 “(ii) providing transportation assist-
7 ance and other services to give families ac-
8 cess to areas without high concentrations
9 of persons living in poverty;

10 “(iii) continuing advice and counseling
11 to assist families after moving to areas
12 without high concentrations of persons liv-
13 ing in poverty; and

14 “(iv) undertaking outreach to poten-
15 tial owners to expand the availability of
16 housing in areas without high concentra-
17 tions of persons living in poverty.

18 “(C) SELECTION OF RECIPIENTS.—The
19 Secretary may select, on a competitive basis,
20 public housing agencies and nonprofit organiza-
21 tions for grants under this paragraph. In mak-
22 ing funding decisions, the Secretary may take
23 into account evidence of commitments of non-
24 Federal assistance to be used in support of the
25 proposed counseling program.

1 “(D) SET-ASIDE FOR CIVIL RIGHTS LITIGA-
2 TION.—Of amounts appropriated pursuant to
3 subparagraph (E), the Secretary may set aside
4 not more than 5 percent for fair housing activi-
5 ties in connection with the settlement of civil
6 rights litigation (excluding litigation brought by
7 an employee or former employee of the Sec-
8 retary) including—

9 “(i) mobility counseling and related
10 services, including the recruitment of land-
11 lords and assistance in obtaining a place
12 on any waiting lists for housing in the
13 same market area;

14 “(ii) establishing clearinghouses for
15 information about housing opportunities;

16 “(iii) assistance for elderly persons
17 and persons with disabilities; and

18 “(iv) targeted testing efforts.

19 “(E) AUTHORIZATION.—There are author-
20 ized to be appropriated \$75,000,000 for fiscal
21 year 1995 and \$75,000,000 for fiscal year 1996
22 for grants under this paragraph.”.

1 **SEC. 403. FAMILY UNIFICATION ASSISTANCE.**

2 Section 8(x)(1) of the United States Housing Act of
3 1937 (12 U.S.C. 1437f(x)(1)) is amended to read as fol-
4 lows:

5 “(1) INCREASE IN BUDGET AUTHORITY.—The
6 budget authority available under section 5(c) for as-
7 sistance under section 8(b) is authorized to be in-
8 creased by \$75,000,000 on or after October 1, 1995,
9 and by \$75,000,000 on or after October 1, 1996.”.

10 **SEC. 404. FAIR MARKET RENTS.**

11 Section 8(c)(1) of the United States Housing Act of
12 1937 (42 U.S.C. 1437f(c)(1)) is amended by adding after
13 the period at the end the following: “The Secretary shall
14 set fair market rentals at the 45 percentile of the standard
15 quality rental housing within each market area. In setting
16 the fair market rents, the Secretary shall only consider
17 rents on units occupied by recent movers and shall not
18 consider rents on government subsidized units and rents
19 on newly constructed units.”.

20 **TITLE V—HOME INVESTMENT**
21 **PARTNERSHIPS**

22 **SEC. 501. HOME PROGRAM LOAN GUARANTEES.**

23 Subtitle A of title II of the Cranston-Gonzalez Na-
24 tional Affordable Housing Act (42 U.S.C. 12741 et seq.)
25 is amended by adding at the end the following new section:

1 **“SEC. 227. LOAN GUARANTEES.**

2 “(a) AUTHORIZATION.—

3 “(1) IN GENERAL.—The Secretary shall, upon
4 such terms and conditions as the Secretary may pre-
5 scribe, guarantee and make commitments to guaran-
6 tee the notes or other obligations issued by eligible
7 participating jurisdictions, or by public agencies des-
8 ignated by and acting on behalf of eligible partici-
9 pating jurisdictions, in accordance with this sub-
10 section.

11 “(2) PURPOSES.—Guarantees and commit-
12 ments to guarantee obligations made under this sub-
13 section shall be made for purposes of financing ac-
14 tivities eligible under subtitle A of title II of the
15 Cranston-Gonzalez National Affordable Housing
16 Act, excluding administrative costs, as defined in
17 section 207 of the Housing and Community Devel-
18 opment Act of 1992.

19 “(b) REQUIREMENTS FOR NOTES AND OTHER OBLI-
20 GATIONS GUARANTEED.—

21 “(1) IN GENERAL.—Notes or other obligations
22 guaranteed under this section shall be in such form
23 and denominations, have such maturities, and be
24 subject to such conditions as may be prescribed by
25 regulations issued by the Secretary. The Secretary
26 may not deny a guarantee under this section on the

1 basis of the proposed repayment period for the note
2 or other obligation, unless the period is more than
3 20 years or the Secretary determines that the period
4 otherwise causes the guarantee to constitute an un-
5 acceptable financial risk. To the extent provided in
6 appropriation Acts, the Secretary may enter into
7 commitments to guarantee notes or other obligations
8 under this section with an aggregate principal
9 amount of \$1,000,000,000 for fiscal year 1995 and
10 \$1,000,000,000 for fiscal year 1996.

11 “(2) ALLOCATION.—

12 “(A) ALLOCATION FOR INDIAN TRIBES
13 AND INSULAR AREAS.—Of the amount approved
14 in any appropriation Act for guarantees under
15 this section in each fiscal year, the Secretary
16 shall reserve—

17 “(i) 1 percent for guarantees to In-
18 dian tribes; and

19 “(ii) 0.2 percent for guarantees to In-
20 sular Areas.

21 “(B) REMAINING AMOUNTS.—Of the
22 amount remaining after the allocations under
23 subparagraph (A) in each fiscal year—

1 “(i) 60 percent shall be used for guar-
2 antees to units of general local govern-
3 ment; and

4 “(ii) 40 percent shall be used for
5 guarantees to States.

6 “(C) WAIVER.—The Secretary may waive
7 the requirements of subparagraphs (A) and (B)
8 in any fiscal year only to the extent to which
9 there is an absence of qualified applicants or
10 proposed activities from Indian tribes, Insular
11 Areas, units of general local government, or
12 States.

13 “(c) TOTAL OUTSTANDING AMOUNT.—No guarantee
14 or commitment to guarantee shall be made with respect
15 to any note or other obligation if the total outstanding
16 notes or obligations guaranteed under this section on be-
17 half of a participating jurisdiction (excluding any amount
18 defeased under a contract entered into under subsection
19 (e)(1)) would thereby exceed an amount equal to 5 times
20 the amount of the participating jurisdiction’s latest
21 HOME allocation.

22 “(d) USE OF FUNDS.—Notwithstanding any other
23 provision of this title, funds allocated to the participating
24 jurisdiction under this title (including program income de-
25 rived therefrom) may be used by the participating jurisdic-

tion or by the Secretary, in the payment of principal and interest due on the notes or other obligations guaranteed pursuant to this section and the payment of such servicing, underwriting, or other issuance or collection charges as may be specified in regulations issued by the Secretary.

“(e) REPAYMENT GUARANTEE.—To assure the full repayment of notes or other obligations guaranteed hereunder as well as the issuance or collection charges specified by the Secretary under subsection (d), and as a prior condition for receiving such guarantees, the Secretary shall require the participating jurisdiction (and its designated public agency issuer, if any) to—

“(1) enter into a contract, in a form acceptable to the Secretary, for repayment of such notes or other obligations and the other specified charges;

“(2) pledge as security for such repayment any allocation for which the participating jurisdiction may become eligible under this title; and

“(3) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, which may include increments in local tax receipts generated by the housing assisted under this section or disposition proceeds from the sale of land or housing.

1 “(f) APPLICATION OF ALLOCATION TO REPAY-
2 MENTS.—Notwithstanding any other provision of this title
3 or any other Federal, State, or local law, the Secretary
4 may apply allocations pledged pursuant to subsection (e)
5 to any repayments due the United States as a result of
6 such guarantees.

7 “(g) FULL FAITH AND CREDIT.—The full faith and
8 credit of the United States is pledged to the payment of
9 all guarantees made under this section. Any such guaran-
10 tee made by the Secretary shall be conclusive evidence of
11 the eligibility of the notes or other obligations for such
12 guarantee with respect to principal and interest, and the
13 validity of any such guarantee so made shall be incontest-
14 able in the hands of a holder of the guaranteed obligations.

15 “(h) TAXES.—

16 “(1) IN GENERAL.—Obligations guaranteed
17 under this section shall be subject to Federal tax-
18 ation as provided in paragraph (2).

19 “(2) INTEREST PAYMENTS.—With respect to
20 any obligation guaranteed under to this section, the
21 interest paid on such obligation shall be included in
22 gross income for the purpose of chapter 1 of the In-
23 ternal Revenue Code of 1954.

24 “(i) MONITORING BY THE SECRETARY.—The Sec-
25 retary shall monitor the use of guarantees under this sec-

1 tion by eligible participating jurisdictions. If the Secretary
2 finds that 50 percent of the aggregate guarantee authority
3 for that year has been committed, the Secretary may—

4 “(1) impose limitations on the amount of guar-
5 antees any participating jurisdiction may receive in
6 any fiscal year of \$35,000,000; or

7 “(2) request the enactment of legislation in-
8 creasing the aggregate limitation on guarantees
9 under this section.

10 “(j) PROHIBITION ON FEES AND CHARGES.—Except
11 as provided in subsection (d), no fee or other charge may
12 be imposed by the Secretary or any other Federal agency
13 on or with respect to a guarantee made by the Secretary
14 under this section.

15 “(k) GUARANTEE OF TIMELY PAYMENT.—

16 “(1) IN GENERAL.—The Secretary may, upon
17 such terms and conditions as the Secretary deems
18 appropriate, guarantee the timely payment of the
19 principal of and interest on such trust certificates or
20 other obligations as shall—

21 “(A) be offered by the Secretary or by any
22 other offeror approved for purposes of this sub-
23 section by the Secretary, and

24 “(B) be based on and backed by a trust or
25 pool composed of notes or other obligations

1 guaranteed or eligible for guarantee by the Sec-
2 retary under this section.

3 “(2) FULL FAITH AND CREDIT.—To the same
4 extent as provided in subsection (g), the full faith
5 and credit of the United States is pledged to the
6 payment of all amounts which may be required to be
7 paid under any guarantee by the Secretary under
8 this subsection.

9 “(3) SUBROGATION.—If the Secretary pays a
10 claim under a guarantee issued under this section,
11 the Secretary shall be subrogated fully to the rights
12 satisfied by such payment.

13 “(4) PREEMPTION.—No provision of Federal,
14 State, or local law shall preclude or limit the exercise
15 by the Secretary of—

16 “(A) the power to contract with respect to
17 public offerings and other sales of notes, trust
18 certificates and other obligations guaranteed
19 under this section upon such terms and condi-
20 tions as the Secretary deems appropriate;

21 “(B) the right to enforce by any means
22 deemed appropriate by the Secretary any such
23 contract; or

24 “(C) the Secretary’s ownership rights, as
25 applicable, in notes, certificates or other obliga-

1 tions guaranteed under this section, or con-
2 stituting the trust or pool against which trust
3 certificates or other obligations guaranteed
4 under this section are offered.

5 “(l) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated such sums as may be
7 necessary for each of fiscal years 1995 and 1996 for the
8 cost to the Government, as defined in section 502 of the
9 Congressional Budget Act, of guaranteed loans under this
10 section.”.

11 **SEC. 502. HOME AUTHORIZATION OF APPROPRIATIONS.**

12 Section 205 of the Cranston-Gonzalez National Af-
13 fordable Housing Act (42 U.S.C. 12724) is amended to
14 read as follows:

15 **“SEC. 205. AUTHORIZATION.**

16 “There are authorized to be appropriated to carry out
17 this title \$2,000,000,000 for fiscal year 1995, and
18 \$2,300,000,000 for fiscal year 1996, of which—

19 “(1) not more than \$20,000,000 for fiscal year
20 1995, and \$14,000,000 for fiscal year 1996, shall be
21 for community housing partnership activities author-
22 ized under section 233; and

23 “(2) not more than \$17,000,000 for fiscal year
24 1995, and \$11,000,000 for fiscal year 1996, shall be

1 for activities in support of State and local housing
2 strategies authorized under subtitle C.”.

3 **SEC. 503. MONITORING OF COMPLIANCE.**

4 Section 226(b) of the Cranston-Gonzalez National
5 Affordable Housing Act (42 U.S.C. 12756(b)) is amended
6 to read as follows:

7 “(b) PERIODIC MONITORING.—Each participating ju-
8 risdiction shall review the activities of owners of affordable
9 housing assisted under this title to assess compliance with
10 the requirements of this title. Such review shall include
11 annual review of program participant compliance with all
12 applicable program requirements to adequately monitor
13 HOME funded activities. Such review shall also include
14 onsite inspection once every 2 years to verify compliance
15 with housing codes and other applicable regulations. The
16 results of each review shall be included in the jurisdiction’s
17 performance report submitted to the Secretary under sec-
18 tion 108(a) and made available to the public.”.

19 **SEC. 504. STABILIZATION OF HOME FUNDING THRESH-**
20 **OLDS.**

21 The Cranston-Gonzalez National Affordable Housing
22 Act (42 U.S.C. 1274 et seq.) is amended as follows:

23 (1) REPEAL.—Sections 216(10) and 217b(4)
24 are hereby repealed.

1 (2) MINIMUM LOCAL ALLOCATION.—Section
2 217(b)(3) is amended—

3 (A) in the first sentence, by striking “only
4 those jurisdictions” and all that follows up to
5 the period and inserting the following: “jurisdic-
6 tions that are not participating jurisdictions
7 that are allocated an amount of \$500,000 or
8 greater and jurisdictions that are participating
9 jurisdictions shall receive an allocation”; and

10 (B) in the last sentence, by striking “, ex-
11 cept as provided in paragraph (4)”.

12 (3) PARTICIPATION BY STATES AND LOCAL
13 GOVERNMENTS.—Section 216 is amended—

14 (A) in paragraph (3), by striking “Except
15 as provided in paragraph (10), a jurisdiction”
16 and inserting “A jurisdiction”; and

17 (B) in paragraph (9)(B), by striking “, ex-
18 cept as provided in paragraph (10)”.

19 **SEC. 505. HOME INVESTMENTS.**

20 Section 212(b) of the Cranston-Gonzalez National
21 Affordable Housing Act (42 U.S.C. 12743(b)) is amended
22 to read as follows:

23 “(b) INVESTMENTS.—Participating jurisdictions
24 shall have discretion to invest funds made available under
25 this subtitle as equity investments, interest-bearing loans

1 or advances, noninterest-bearing loans or advances, loan
 2 guarantees, interest subsidies or other forms of assistance
 3 or credit enhancement that the Secretary has determined
 4 to be consistent with the purposes of this title. Each par-
 5 ticipating jurisdiction shall have the right to establish the
 6 terms of assistance.’’.

7 **SEC. 506. RETURN OF MATCHING INVESTMENT.**

8 Section 219(a) of the Cranston-Gonzalez National
 9 Affordable Housing Act (42 U.S.C. 12749(a)) is amend-
 10 ed—

11 (1) by striking “except that, if the” and insert-
 12 ing the following: “except that—

13 “(1) if the”;

14 (2) by striking the period at the end and insert-
 15 ing “; and”; and

16 (3) by adding at the end the following new
 17 paragraph:

18 “(2) if the repayment of funds drawn from a
 19 jurisdiction’s Home Investment Trust Fund and any
 20 payment of interest or other return on the invest-
 21 ment of such funds result from a State’s matching
 22 investment, and the State program providing the
 23 match provides housing opportunities substantially
 24 equivalent to the HOME program, the matching in-
 25 vestment shall be returned to the State for reinvest-

1 ment through the State’s substantially equivalent
2 housing program.”.

3 **SEC. 507. ADJUSTMENT OF QUALIFYING RENT.**

4 Section 215(a)(2) of the Cranston-Gonzalez National
5 Affordable Housing Act (42 U.S.C. 12745(a)(2)) is
6 amended to read as follows:

7 “(2) ADJUSTMENT OF QUALIFYING RENT.—

8 “(A) IN GENERAL.—The Secretary may
9 adjust the qualifying rent established for a
10 project under paragraph (1)(A), only if the Sec-
11 retary finds that such adjustment is necessary
12 to support the continued financial viability of
13 the project and only by such amount as the
14 Secretary determines is necessary to maintain
15 continued financial viability of the project.

16 “(B) CONFORMITY WITH SECTION 8
17 RENTS.—Notwithstanding subparagraph (A),
18 the Secretary shall adjust the qualifying rent
19 established for a project under paragraph
20 (1)(A) to allow rents to be set at levels per-
21 mitted under the section 8 program or com-
22 parable State-funded rental assistance pro-
23 grams for tenants with section 8 certificates or
24 comparable State rental assistance certifi-
25 cates.”.

1 **SEC. 508. INCREASES IN TENANT INCOME.**

2 Section 215(a)(3) of the Cranston-Gonzalez National
3 Affordable Housing Act (42 U.S.C. 12745(a)(3)) is
4 amended to read as follows:

5 “(3) INCREASES IN TENANT INCOME.—Housing
6 shall qualify as affordable housing despite a tem-
7 porary noncompliance with subparagraph (B) or (C)
8 of paragraph (1) only if—

9 “(A)(i) such noncompliance is caused by
10 increases in the incomes of existing tenants;
11 and

12 “(ii) actions satisfactory to the Secretary
13 are being taken to ensure that all vacancies are
14 filled in accordance with paragraph (1) until
15 such noncompliance is corrected; or

16 “(B)(i) notwithstanding subparagraph (A),
17 such noncompliance is caused by increases in
18 the incomes of existing very low-income tenants;
19 and

20 “(ii) actions satisfactory to the Secretary
21 are being taken to ensure that all vacancies are
22 filled in accordance with paragraph (1).

23 A tenant described in subparagraph (B) shall be
24 considered to be a very low-income for the purposes
25 of this title until the tenant’s income exceeds 70 per-
26 cent of median income for the area. A tenant de-

1 scribed in this paragraph that no longer qualifies as
 2 a low-income or very low-income family shall pay as
 3 rent the lesser of the amount payable by the tenant
 4 under State or local law, or 30 percent of the fami-
 5 ly's adjusted monthly income, as recertified annu-
 6 ally. The preceding sentence shall not apply with re-
 7 spect to funds made available under this Act for
 8 units that have been allocated a low-income housing
 9 tax credit by a housing credit agency pursuant to
 10 section 42 of the Internal Revenue Code of 1986.'".

11 **TITLE VI—MULTIFAMILY AND**
 12 **SUPPORTIVE HOUSING**
 13 **Subtitle A—Preservation**

14 **SEC. 601. COST-SAVING AMENDMENTS.**

15 (a) CEILING RENTS.—Section 222(a)(2)(D) of the
 16 Low-Income Housing Preservation and Resident Home-
 17 ownership Act of 1990 (12 U.S.C. 4112(a)(2)(D)) is
 18 amended to read as follows:

19 “(D) monthly rent contributions by current
 20 and future tenants, including tenants receiving
 21 assistance under section 8 of the United States
 22 Housing Act of 1937, shall not exceed the less-
 23 er of—

24 “(i) 30 percent of the adjusted income
 25 of the tenant; or

1 “(ii) 90 percent of the actual rent
2 paid for a comparable unit in comparable
3 unassisted housing in the market area in
4 which the eligible low-income housing is lo-
5 cated;

6 except that the rent contributions of tenants
7 (other than tenants receiving assistance under
8 section 8 of the United States Housing Act of
9 1937) occupying the housing at the time of any
10 increase may not be reduced under this sub-
11 paragraph.”.

12 (b) FLOOR RENTS FOR LOW-INCOME TENANTS.—
13 Section 222(a)(2)(E) of the Low-Income Housing Preser-
14 vation and Resident Homeownership Act of 1990 (12
15 U.S.C. 4112(a)(2)(E)) is amended—

16 (1) in clause (i), by striking “and” at the end;
17 and

18 (2) by adding at the end the following clause:

19 “(iii)(I) to retain the tenant occu-
20 pancy profile required by subparagraph
21 (F)(i), tenants that are determined by the
22 Secretary to be low-income tenants at ini-
23 tial income certification upon occupancy,
24 or at the time of implementation of a plan
25 of action (whichever occurs last), shall pay

1 for rent an amount that is not less than
2 the lesser of—

3 “(aa) 30 percent of 45 percent of
4 median income for the area (as deter-
5 mined by the Secretary and adjusted
6 for family size); or

7 “(bb) 90 percent of the actual
8 rent paid for a comparable unit in
9 comparable unassisted housing in the
10 market area in which the eligible low-
11 income housing is located.

12 Subject to subclause (II), payment of this
13 minimum rent shall be a condition of con-
14 tinued occupancy and eligibility for section
15 8 assistance.

16 “(II) Notwithstanding the rents re-
17 quired under subclause (I), a tenant who
18 occupies a unit designated for occupancy
19 by low-income persons and families, and
20 who becomes a very low-income tenant,
21 shall be provided with the next available
22 unit designated for occupancy by very low-
23 income persons and families, and, until
24 such unit becomes available, shall pay for
25 rent not more than the amount chargeable

1 as rent under section 3(a) of the United
2 States Housing Act of 1937. Such tenant
3 shall not be evicted for nonpayment of rent
4 if the rent amounts set forth in this
5 subclause are paid. The costs resulting
6 from the difference between rents required
7 under subclause (I) and the rents per-
8 mitted under this subclause shall be incor-
9 porated into the section 8 contract for
10 units designated for occupancy by low-in-
11 come persons or families; and”.

12 (c) SECTION 8 ASSISTANCE.—Section
13 222(a)(1)(E)(ii) of the Low-Income Housing Preservation
14 and Resident Homeownership Act of 1990 (12 U.S.C.
15 4112(a)(1)(E)) is amended—

16 (1) by striking “; and” at the end and inserting
17 a period; and

18 (2) by adding at the end the following: “For
19 any section 8 assistance provided under this subtitle,
20 whether through the extension of an existing con-
21 tract or the provision of a new contract for assist-
22 ance, the Secretary shall have the discretion to ad-
23 just contract rents within the limits established
24 under section 215, irrespective of the comparable
25 rent requirements set forth in section 8(c) of the

1 United States Housing Act of 1937. Notwithstand-
2 ing any provision of law to the contrary, any conflict
3 pertaining to the computation of contract rents aris-
4 ing from differences between this subtitle and sec-
5 tion 8 of the United States Housing Act of 1937
6 shall, subject to the prior approval of the Secretary,
7 be resolved in favor of this subtitle; and”.

8 (d) APPLICABILITY OF FEDERAL PREFERENCES.—
9 Section 222(a)(1)(F) of the Low-Income Housing Preser-
10 vation and Resident Homeownership Act of 1990 (12
11 U.S.C. 4112(a)(1)(F)) is amended—

12 (1) in clause (i)—

13 (A) by striking “rents for units becoming
14 available to new tenants shall be at levels ap-
15 proved by the Secretary that will ensure, to the
16 extent practicable, that the units will be” and
17 inserting “to the extent practicable, the units
18 becoming available to new tenants shall be”;
19 and

20 (B) by striking “and” at the end;

21 (2) by redesignating clause (ii) as clause (iii);

22 and

23 (3) by inserting after clause (i) the following
24 new clause:

1 “(ii) in order to maintain the proportions
2 of very low- and low-income families and per-
3 sons required by clause (i), owners shall be re-
4 quired to apply any required Federal preference
5 rules only with respect to tenants within each
6 low- or very low-income category, in accordance
7 with the approved tenant profile; and”.

8 (e) DEFINITIONS.—Section 229(4) of the Low-In-
9 come Housing Preservation and Resident Homeownership
10 Act of 1990 (12 U.S.C. 4119(4)) is amended to read as
11 follows:

12 “(4)(A) The term ‘low-income tenants’ means
13 families or persons with incomes that exceed 50 per-
14 cent of the median income for the area (as deter-
15 mined by the Secretary with adjustments for family
16 size) but do not exceed 80 percent of the median in-
17 come for the area (as determined by the Secretary
18 with adjustments for family size).

19 “(B) The term ‘very low-income tenants’ means
20 families or persons with incomes that are less than
21 or equal to 50 percent of the median income for the
22 area (as determined by the Secretary with adjust-
23 ments for family size).”.

24 (f) TRANSITION PROVISIONS.—

1 (1) IN GENERAL.—Except as provided in para-
2 graph (2), this section shall take effect on the date
3 of enactment of this Act.

4 (2) EXCEPTION.—If an owner of eligible low-in-
5 come housing has a plan of action that has been ap-
6 proved by the Secretary and that is being imple-
7 mented as of the date of enactment of this Act, sub-
8 sections (a), (b), (c), and (d) shall not apply to cur-
9 rent tenants of such housing until the first date on
10 which the next annual rent adjustments are made
11 following the date of enactment of this Act.

12 **SEC. 602. LOW-INCOME HOUSING PRESERVATION AUTHOR-**
13 **IZATION OF APPROPRIATIONS.**

14 Section 234(a) of the Housing and Community De-
15 velopment Act of 1987 (12 U.S.C. 4124) is amended to
16 read as follows:

17 “(a) IN GENERAL.—There are authorized to be ap-
18 propriated for assistance and incentives authorized under
19 this subtitle \$300,000,000 for fiscal year 1995 and
20 \$300,000,000 for fiscal year 1996.”.

1 **Subtitle B—Renewal of Expiring**
2 **Section 8 Contracts**

3 **SEC. 611. AUTHORITY TO ENTER INTO NEW CONTRACTS.**

4 Section 8 of the United States Housing Act of 1937
5 (42 U.S.C. 1437f) is amended by adding at the end the
6 following new subsection:

7 “(z) RENEWAL OF SECTION 8 NEW CONSTRUCTION
8 AND SUBSTANTIAL REHABILITATION EXPIRING CON-
9 TRACTS.—

10 “(1) IN GENERAL.—Subject to appropriations,
11 the Secretary shall enter into new contracts to make
12 assistance payments to owners of qualified housing
13 pursuant to the provisions of subtitle B of title VI
14 of the Housing Choice and Community Investment
15 Act of 1994.

16 “(2) PROCEDURES.—The Secretary shall estab-
17 lish procedures to enter into new contracts pursuant
18 to paragraph (1) that—

19 “(A) ensure that the number of low- and
20 very low-income families receiving tenant- or
21 project-based assistance under this section at
22 least equals the number of affordable units
23 under expiring section 8 contracts; and

24 “(B) make assistance under this section
25 available to current tenants residing in units

1 covered by an expiring contract which is not re-
2 placed, which assistance shall, to the maximum
3 extent practicable, be project-based assistance.

4 “(3) CALCULATION OF LIMIT.—Project-based
5 assistance contracts entered into under this sub-
6 section shall be excluded in computing the limit on
7 project-based assistance under subsection (d).”.

8 **SEC. 612. CRITERIA FOR ENTERING INTO NEW CONTRACTS.**

9 (a) IN GENERAL.—Except as provided in subsection
10 (b), the Secretary shall enter into a new contract with an
11 owner of qualified housing assisted under an expiring con-
12 tract if the owner submits a proposal to enter into a new
13 contract for assistance under section 8 of the United
14 States Housing Act of 1937 pursuant to the terms, condi-
15 tions, and procedures set forth in this subtitle.

16 (b) EXCEPTIONS.—The Secretary may reject an own-
17 er’s proposal to enter into a new contract for assistance
18 under section 8 of the United States Housing Act of 1937
19 if—

20 (1) the owner has engaged in adverse financial
21 or managerial actions or omissions, including—

22 (A) knowingly violating any Federal, State,
23 or local law or regulation;

24 (B) knowingly and materially breaching a
25 section 8 assistance contract;

1 (C) knowingly and materially violating any
2 applicable regulatory or other agreement with
3 the Secretary;

4 (D) repeatedly failing to make mortgage
5 payments;

6 (E) failing to maintain the property after
7 receipt of notice and an opportunity to cure; or

8 (F) committing any actions or omissions
9 which would warrant suspension or debarment
10 by the Secretary;

11 (2) the owner fails to follow the procedures set
12 forth in this subtitle;

13 (3) the rents proposed by the owner, after nego-
14 tiation with the Secretary, exceed the maximum
15 amount permitted under section 616; or

16 (4) the poor condition of the property cannot be
17 remedied in a cost-effective manner.

18 (c) OPPORTUNITY TO DISPUTE FINDING.—The Sec-
19 retary shall provide an owner whose proposal to enter into
20 a new contract has been rejected by the Secretary pursu-
21 ant to one of the exceptions set forth in subsection (b)
22 with an opportunity to dispute the basis for such rejection
23 within 30 days of receipt of notice by the owner of the
24 rejection. The Secretary may affirm, modify, or reverse
25 the decision to reject the owner's proposal. The Sec-

1 retary's determination shall be final and shall not be sub-
2 ject to judicial review.

3 **SEC. 613. RENEWAL PROCESS.**

4 (a) SECRETARY'S NOTICE TO OWNER.—Not less than
5 27 months prior to the expiration of an assistance contract
6 under section 8 the United States Housing Act of 1937,
7 the Secretary shall notify the owner of the expiration date
8 of the contract, the terms and conditions prerequisite to
9 the Secretary's decision to enter into a new assistance con-
10 tract, and the notice requirements and timetables required
11 under this subtitle.

12 (b) OWNER'S INITIAL ELECTION.—Not later than 24
13 months prior to the expiration date, the owner shall make
14 an initial election to enter into a new contract or terminate
15 the contract upon the expiration date.

16 (c) FORMAL SUBMISSION OF DETAILED PROPOSAL
17 TO ENTER INTO NEW HOUSING ASSISTANCE CON-
18 TRACT.—Not later than 3 months after the date on which
19 an owner elects to enter into a new contract pursuant to
20 subsection (b), the owner shall submit to the Secretary
21 a detailed proposal that meets the requirements of this
22 subtitle.

23 (d) RESPONSE BY THE SECRETARY TO OWNER'S
24 PROPOSAL.—

1 (1) RESPONSE DEADLINE.—Not later than 120
2 days after receipt of an owner’s submission pursuant
3 to subsection (c), the Secretary shall accept, reject,
4 or require a modification of the proposal. If the Sec-
5 retary fails to respond prior to the expiration of the
6 120-day period, the proposal shall be deemed to be
7 accepted.

8 (2) EVALUATION AND NEGOTIATION.—The Sec-
9 retary shall establish procedures to evaluate an own-
10 er’s detailed proposal and to negotiate the proposal
11 with the owner.

12 (3) BASIS FOR REJECTION.—The Secretary
13 may not reject a proposal submitted pursuant to
14 subsection (c) for any reason other than those set
15 forth in section 612(b).

16 (4) FINAL DECISION.—Not later than 12
17 months prior to the expiration date of an assistance
18 contract, the Secretary shall make a final decision
19 regarding entering into a new assistance contract.

20 (e) TRANSITION.—Subject to an owner’s agreement,
21 the Secretary shall extend the term of any expiring con-
22 tract for a period sufficient to facilitate notice under this
23 section. If an owner of a project with an expiring contract
24 does not agree to extend the contract, the Secretary shall

1 make available to tenants currently residing in the project
2 assistance authorized under this subtitle.

3 **SEC. 614. ASSISTANCE FOR TENANTS.**

4 (a) ELIGIBLE TENANTS.—The Secretary shall make
5 available to residents residing in units covered by an expir-
6 ing contract that is not replaced with a new assistance
7 contract either—

8 (1) project-based assistance in a unit which is
9 located in the same market area, as defined by the
10 Secretary, and for which the rent does not exceed
11 the amount chargeable for rent under section 3(a) of
12 the United States Housing Act of 1937; or

13 (2) tenant-based assistance under section 8 of
14 the United States Housing Act of 1937.

15 (b) ADDITIONAL ASSISTANCE.—In connection with
16 tenant-based assistance provided under subsection (a)(2),
17 the Secretary is authorized to increase rent levels per-
18 mitted under section 8(c)(1) of the United States Housing
19 Act of 1937 for a period not to exceed 18 months to facili-
20 tate a tenant's continued residence in the tenant's current
21 dwelling unit.

22 (c) TYPE OF ASSISTANCE.—The Secretary shall de-
23 termine the type of assistance to be provided under this
24 section in consultation with eligible tenants.

25 (d) TENANT NOTIFICATION.—

1 (1) IN GENERAL.—Notwithstanding section
2 8(c)(9) of the United States Housing Act of 1937,
3 the owner shall provide tenants with not less than
4 12 months notice prior to the expiration date of the
5 contract. Such notice shall specify the process for
6 entering into new assistance contracts under this
7 section, the status of the renewal process, and the
8 types of assistance that may be made available to
9 tenants upon expiration of the contract.

10 (2) AUTHORITY TO EXTEND.—If the final plans
11 for the project have not been concluded 12 months
12 prior to the contract expiration date, the Secretary
13 may extend the expiring contract under identical
14 terms for a period terminating 12 months after the
15 date on which notice is provided under paragraph
16 (1).

17 (e) TENANT AND COMMUNITY OPPORTUNITY TO
18 COMMENT.—The Secretary shall establish procedures that
19 will provide tenants of a project covered by an expiring
20 contract and the relevant unit or units of general local
21 government an opportunity to participate in the renewal
22 process. Such procedures shall include the provision of
23 timely and adequate notice of proposed decisions (includ-
24 ing an owner's decision not to enter into a new assistance
25 contract or the Secretary's final decision to reject an own-

er's proposal), timely access to relevant information, and sufficient time and opportunity to comment on such information and proposed decisions.

(f) TECHNICAL ASSISTANCE.—To further the purposes of this subtitle, the Secretary may provide, directly or indirectly, to nonprofit organizations and bona fide organizations representing or assisting tenants residing in projects with expiring contracts, technical assistance for activities in connection with contracts that are not likely to be replaced with a new assistance contract. Of the amounts appropriated under section 621, not more than \$5,000,000 shall be available to carry out this subsection.

SEC. 615. PROCEDURES FOR VOLUNTARY SALE TO QUALIFIED PURCHASER.

The Secretary shall establish procedures to facilitate the voluntary sale of each project subject to a contract that is not replaced with a new assistance contract pursuant to this section to a qualified purchaser who meets the requirements set forth in section 618.

SEC. 616. RENT LEVELS IN NEW CONTRACTS.

(a) INITIAL RENT LEVELS.—The Secretary shall approve proposed initial rent levels that do not exceed 120 percent of fair market rents for the relevant metropolitan market area, if such levels—

1 (1) reflect the requirements of sections 617 and
2 618; and

3 (2) do not exceed current rents under the expir-
4 ing contract, as adjusted under section 8(c)(2) of
5 the United States Housing Act of 1937.

6 Notwithstanding the Secretary's authority under this sub-
7 section, an owner of a project with current rent levels that
8 do not exceed 120 percent of fair market rents for the
9 relevant metropolitan market area may, subject to the Sec-
10 retary's approval, proceed under the budget-based ap-
11 proach set forth in subsection (b) if the actual and pro-
12 jected costs of operating the project so require.

13 (b) BUDGET-BASED APPROACH.—

14 (1) IN GENERAL.—For owners whose proposed
15 rent levels exceed the amounts permitted under sub-
16 section (a), the Secretary shall determine acceptable
17 rent levels pursuant to negotiations with the owner
18 based upon actual and projected costs of operating
19 the project. Rents set pursuant to this subsection
20 shall be established, after considering any refinanc-
21 ing or mortgage debt restructuring that occurs pur-
22 suant to section 617, at a level that would provide
23 income sufficient to support the following:

24 (A) DEBT SERVICE.—Debt service.

1 (B) PROJECT OPERATING EXPENSES.—

2 Project operating expenses, including—

3 (i) contributions to adequate reserves;

4 (ii) the costs of maintenance and nec-
5 essary rehabilitation, as approved by the
6 Secretary; and

7 (iii) other costs permitted under sec-
8 tion 8 of the United States Housing Act of
9 1937 and approved by the Secretary.

10 (C) OPERATING LOSSES ALLOWANCE.—An
11 adequate allowance for potential operating
12 losses due to vacancies and failure to collect
13 rents, as determined by the Secretary.

14 (D) REASONABLE RATE OF RETURN AL-
15 LOWANCE.—An allowance for a reasonable rate
16 of return to the owner, as determined by the
17 Secretary.

18 (E) OTHER EXPENSES.—Other expenses
19 determined necessary by the Secretary.

20 (2) MAXIMUM RENT.—The Secretary shall not
21 enter into new contracts with an owner of a qualified
22 housing project if the rents set pursuant to this sub-
23 section exceed the lesser of—

1 (A) current rents under the expiring con-
2 tract, as adjusted pursuant to section 8(c)(2) of
3 the United States Housing Act of 1937;

4 (B) 144 percent of the fair market rents
5 for the metropolitan market area; and

6 (C) rent levels of comparable unassisted
7 housing in the same local market area.

8 (3) EXCEPTIONS TO MAXIMUM RENT.—

9 (A) IN GENERAL.—The Secretary is au-
10 thorized to enter into new contracts with own-
11 ers at rents that exceed the maximum rent set
12 forth in paragraph (2) if the Secretary—

13 (i) in consultation with tenants and
14 the relevant unit of general local govern-
15 ment, determines that the project rep-
16 resents a unique housing resource;

17 (ii) in consultation with tenants and
18 the relevant unit of general local govern-
19 ment, determines that the housing needs of
20 the tenants and the community in which
21 the project is located cannot be adequately
22 addressed through the Secretary's provi-
23 sion of tenant-based or project-based as-
24 sistance to current tenants, in accordance

1 with subsections (a) and (b) of section
2 615; or

3 (iii) determines that the project can-
4 not be refinanced or restructured, pursu-
5 ant to the exceptions set forth in section
6 617(d).

7 (B) RENT LEVELS.—The Secretary may
8 enter into new contracts at rent levels—

9 (i) in connection with projects that
10 meet the exceptions set forth in clause (i)
11 or (ii) of subparagraph (A), that are the
12 higher of rents determined under the budg-
13 et-based process set forth in paragraph (1)
14 or rents of comparable unassisted housing
15 in the same market area; and

16 (ii) in connection with projects that
17 only meet the exception set forth in clause
18 (iii) of subparagraph (A), that are the
19 lower of rents determined under the budg-
20 et-based process set forth in paragraph (1)
21 or current rent levels, as adjusted pursuant
22 to section 8(c)(2) of the United States
23 Housing Act of 1937.

24 (c) RENT ADJUSTMENTS.—The Secretary shall ad-
25 just initial rents approved under subsection (a) pursuant

1 to section 8(c)(2) of the United States Housing Act of
 2 1937. The Secretary shall make any adjustments to initial
 3 rents approved under subsection (b) pursuant to an an-
 4 nual operating cost adjustment.

5 **SEC. 617. FINANCING AND RESTRUCTURING UNDERLYING**
 6 **DEBT; DISCRETIONARY AUTHORITIES; RESID-**
 7 **UAL RECEIPTS.**

8 (a) IN GENERAL.—Prior to entering into a new con-
 9 tract with a present or future owner of qualified housing
 10 under section 8(z) of the United States Housing Act of
 11 1937 (as added by section 611) the Secretary shall encour-
 12 age and, subject to the exceptions in subsection (d), may
 13 require—

14 (1) the restructuring of debt if the costs to the
 15 Federal Government of such restructuring are less
 16 than the costs incurred by the Federal Government
 17 under a section 8 contract at the project's current
 18 debt level; and

19 (2) the refinancing of all debt that is financed
 20 at a rate 250 basis points in excess of prevailing
 21 market rates for debt with a similar maturity.

22 Notwithstanding section 8(c)(2)(C) of the United States
 23 Housing Act of 1937, any project refinancing or debt re-
 24 structuring shall be accompanied by a corresponding re-
 25 duction in section 8 rent levels.

1 (b) FHA-INSURED AND SECTION 202 PROJECTS.—

2 Subject to the exceptions set forth in subsection (d), prior
3 to entering into a new contract with an owner of a project
4 insured by the Secretary or assisted under section 202 of
5 the Housing Act of 1959, the Secretary shall require any
6 debt to be restructured or refinanced to a level sufficient
7 to meet the maximum rent requirements of section 616(b).

8 (c) STATE-FINANCED PROJECTS.—The Secretary
9 shall establish procedures to inform State agencies that
10 insure or finance mortgages of the provisions of this sub-
11 title, and shall encourage such agencies to refinance or
12 otherwise restructure debt which meets the conditions of
13 paragraph (1) or (2) of subsection (a).

14 (d) EXCEPTIONS.—The Secretary shall not require
15 the refinancing or debt restructuring of any project, if—

16 (1) the project was financed through obligations
17 where such refinancing or debt restructuring is in-
18 consistent with applicable law or agreements govern-
19 ing such financing; or

20 (2) in the Secretary's determination, the refi-
21 nancing will not result in significant savings to the
22 Secretary or to the mortgagor.

23 (e) DISCRETIONARY ASSISTANCE.—To facilitate re-
24 newal consistent with this section and section 616(b), the

1 Secretary may, from amounts appropriated under this
2 subtitle—

3 (1) pay the owner's nonmortgagable transaction
4 costs;

5 (2) provide the State agency or the mortgagee
6 with an equitable share of the savings recaptured
7 from the refinancing;

8 (3) apply a share of the savings recaptured
9 from the refinancing to the project's reserves or cap-
10 ital expenses;

11 (4) bifurcate the note to leave a first note serv-
12 iceable within rents reflective of the local market;
13 and

14 (5) assist in financing a project's rehabilitation
15 needs through the provision of up-front grants
16 from—

17 (A) residual receipts distributed to the Sec-
18 retary;

19 (B) the budget authority provided for in-
20 creases in new assistance contracts under sec-
21 tion 8 of the United States Housing Act of
22 1937 to pay for rehabilitation, if the Secretary
23 determines that the provision of such grants in
24 addition to section 8 rental assistance would be
25 cost-effective; and

1 (C) savings resulting from refinancing or
2 otherwise restructuring the debt.

3 (f) RESIDUAL RECEIPTS.—

4 (1) IN GENERAL.—Residual receipts distributed
5 to the Secretary shall be retained by the Secretary
6 for use under section 8(z) of the United States
7 Housing Act of 1937.

8 (2) EXPEDITED ACQUISITION.—The Secretary
9 may expedite the acquisition of residual receipts by
10 entering into agreements with owners of housing
11 covered by an expiring contract to provide such
12 owner with a share of the receipts, not to exceed 15
13 percent, only if the share will be applied to the
14 project or to its reserves.

15 **SEC. 618. RENEWAL REQUIREMENTS.**

16 The Secretary may enter into a new contract for as-
17 sistance under section 8(z) of the United States Housing
18 Act of 1937 with an owner or purchaser of qualified hous-
19 ing only if—

20 (1) the owner or purchaser agrees to—

21 (A) a basic contract term of not less than
22 5 years; and

23 (B) renewal of the contract for additional
24 terms of 5 years, without limitation, subject to
25 the availability of appropriations and the Sec-

1 retary's procedures governing renewal, as set
2 forth in this subtitle;

3 (2) the owner or purchaser agrees to a proposed
4 method for calculating rent consistent with section
5 616;

6 (3) the owner or purchaser agrees to a sound
7 financial management program, consistent with sec-
8 tion 617;

9 (4) the owner or purchaser agrees to provide
10 adequate organization, staff, and financial resources
11 to the project;

12 (5) the Secretary determines that proposed rent
13 levels are sufficient to ensure that the project will
14 remain in decent, safe, and sanitary condition and in
15 compliance with any standards under applicable
16 Federal, State, or local laws, rules, ordinances, regu-
17 lations, or contractual provisions relating to the
18 physical condition of the project; and

19 (6) the owner or purchaser agrees to meet such
20 other requirements as the Secretary determines ap-
21 propriate.

22 **SEC. 619. DELEGATION OF AUTHORITY.**

23 The Secretary may delegate authority under this sub-
24 title as the Secretary deems appropriate to officials of
25 State or local government.

1 **SEC. 620. DEFINITIONS.**

2 (a) DEFINITIONS.—For purposes of this subtitle—

3 (1) the term “expiration date” means the date
4 on which an expiring contract expires;

5 (2) the term “expiring contract” means, in con-
6 nection with the new construction or substantial re-
7 habilitation of certain multifamily housing projects,
8 assistance under section 8(b)(2) of the United
9 States Housing Act of 1937, as such section existed
10 before November 30, 1983, which, under the terms
11 of the contract, will expire;

12 (3) the term “knowing” or “knowingly” means
13 having actual knowledge of or acting with deliberate
14 ignorance or reckless disregard;

15 (4) the term “qualified housing” means—

16 (A) a multifamily housing project that was
17 constructed or substantially rehabilitated pursu-
18 ant to assistance provided under section 8(b)(2)
19 of the United States Housing Act of 1937, as
20 such section existed before November 30, 1983,
21 and for which assistance is provided pursuant
22 to an expiring contract;

23 (B) housing described in subparagraph (A)
24 that is acquired by a purchaser; or

25 (C) housing under an assistance contract
26 pursuant to section 614(a)(1); and

1 (5) the term “renewal” means the replacement
2 of an expiring contract with a new contract for as-
3 sistance under section 8 of the United States Hous-
4 ing Act of 1937, pursuant to the procedures of this
5 subtitle.

6 **SEC. 621. IMPLEMENTATION.**

7 The Secretary shall establish such requirements as
8 may be necessary to carry out the provisions of this sub-
9 title. The Secretary shall issue—

10 (1) a proposed rule not later than 6 months
11 after the date of enactment of this Act; and

12 (2) a final rule based on the proposed rule,
13 after notice and opportunity for public comment, not
14 later than 1 year after the date of enactment of this
15 Act.

16 **SEC. 622. EVALUATION.**

17 The Secretary shall carry out a study of the renewal
18 process authorized under this subtitle. The study shall in-
19 clude an assessment of—

20 (1) the number of projects and corresponding
21 units on which the contracts are terminated, the lo-
22 cation of such projects, and the reasons for such ter-
23 mination;

24 (2) the types of displacement assistance offered
25 pursuant to section 614;

1 (3) the amount of savings generated;

2 (4) the number of projects where debt has been
3 refinanced or otherwise restructured, together with
4 the resulting savings amount;

5 (5) the number of projects acquired by a pur-
6 chaser;

7 (6) the difference, if any, in rent levels under
8 an expiring contract and new rent levels established
9 under a new contract for assistance; and

10 (7) the numbers of projects for which rents are
11 established pursuant to section 616(a).

12 **SEC. 623. AUTHORIZATION OF APPROPRIATIONS.**

13 There are authorized to be appropriated under sec-
14 tion 5(c) of the United States Housing Act of 1937 (42
15 U.S.C. 1437f) for contracts under section 8(z) of such Act
16 such sums as may be necessary to carry out the provisions
17 of this subtitle.

18 **Subtitle C—Other Section 8**
19 **Program Amendments**

20 **SEC. 631. REFINANCING HIGH INTEREST MULTIFAMILY**
21 **MORTGAGES AND ELIMINATING UNNECES-**
22 **SARY COSTS.**

23 (a) REFINANCING INCENTIVE.—Section 8 of the
24 United States Housing Act of 1937 (42 U.S.C. 1437f),

1 as amended by section 611, is amended by adding at the
2 end the following new subsection:

3 “(aa) REFINANCING INCENTIVE.—

4 “(1) IN GENERAL.—The Secretary may pay all
5 or part of the up front costs of refinancing for each
6 project that—

7 “(A) is constructed, substantially rehabili-
8 tated, or moderately rehabilitated under this
9 section;

10 “(B) is subject to an assistance contract
11 under this section; and

12 “(C) was subject to a mortgage that has
13 been refinanced under section 223(a)(7) or sec-
14 tion 223(f) of the National Housing Act to
15 lower the periodic debt service payments of the
16 owner.

17 “(2) SHARE FROM REDUCED ASSISTANCE PAY-
18 MENTS.—The Secretary may pay the up front costs
19 of refinancing only—

20 “(A) to the extent that funds accrue to the
21 Secretary from the reduced assistance payments
22 that result from the refinancing; and

23 “(B) after the application of amounts in
24 accordance with section 1012 of the Stewart B.

1 McKinney Homeless Assistance Amendments
2 Act of 1988.”.

3 (b) FHA CONTRACT AMENDMENTS.—Section
4 223(a)(7) of the National Housing Act (42 U.S.C.
5 1715n(a)(7)) is amended—

6 (1) in subparagraph (B), by striking “and” at
7 the end; and

8 (2) by striking “; or” at the end and inserting
9 the following: “; and (D) any multifamily mortgage
10 that is refinanced under this paragraph shall be doc-
11 umented through amendments to the existing insur-
12 ance contract and shall not be structured through
13 the provision of a new insurance contract; or”.

14 **SEC. 632. TERMINATION AND REUSE OF SECTION 8 HAP**
15 **CONTRACT BUDGET AUTHORITY.**

16 Section 8 of the United States Housing Act of 1937
17 (42 U.S.C. 1437f), as amended by sections 611 and 631,
18 is amended by adding at the end the following new sub-
19 section:

20 “(bb) TERMINATION OF SECTION 8 CONTRACTS AND
21 REUSE OF RECAPTURED BUDGET AUTHORITY.—

22 “(1) GENERAL AUTHORITY.—The Secretary
23 may reuse any budget authority that is recaptured
24 on account of the termination, in whole or in part,
25 of a housing assistance payments contract (other

1 than a contract for tenant-based assistance) only for
2 one or more of the following:

3 “(A) TENANT-BASED ASSISTANCE.—Pur-
4 suant to a contract with a public housing agen-
5 cy, to provide tenant-based assistance under
6 this section to families occupying units formerly
7 assisted under the terminated contract.

8 “(B) PROJECT-BASED ASSISTANCE.—Pur-
9 suant to a contract with a public housing agen-
10 cy, or directly with an owner, to provide assist-
11 ance to permit the agency to attach the assist-
12 ance to one or more structures, in accordance
13 with subsection (d)(2) or (o), except that this
14 assistance shall not be taken into consideration
15 in determining compliance with any percentage
16 limitation for project-based assistance under
17 subsection (d)(2) or (o).

18 “(2) FAMILIES OCCUPYING UNITS FORMERLY
19 ASSISTED UNDER TERMINATED CONTRACT.—In
20 choosing among the alternatives set forth in para-
21 graph (1), the Secretary shall first make available
22 tenant- or project-based assistance to families occu-
23 pying units formerly assisted under the terminated
24 contract.

1 “(3) NEW RENTS.—Rents established in con-
 2 nection with a contract under this subsection shall
 3 be established in accordance with subsection (c)(2),
 4 but shall not exceed the amount of rent previously
 5 paid under the terminated contract.

6 “(4) BUDGET SAVINGS.—To the extent that
 7 new rents established under paragraph (3) are less
 8 than the amount of rent previously paid under the
 9 terminated contract, any budget authority remaining
 10 shall be rescinded.”.

11 **SEC. 633. CIVIL MONEY PENALTIES FOR VIOLATION OF**
 12 **SECTION 8 HAP CONTRACTS.**

13 (a) BASIC AUTHORITY.—Title I of the United States
 14 Housing Act of 1937 (42 U.S.C. 1437 et seq.), as amend-
 15 ed by section 201, is amended by adding at the end the
 16 following new section:

17 **“SEC. 28. CIVIL MONEY PENALTIES AGAINST SECTION 8**
 18 **OWNERS.**

19 “(a) IN GENERAL.—The penalties set forth in this
 20 section shall be in addition to any other available civil rem-
 21 edy or criminal penalty, and may be imposed regardless
 22 of whether or not the Secretary imposes other administra-
 23 tive sanctions. The Secretary may not impose penalties
 24 under this section for a violation, if a material cause of
 25 the violation is the failure of the Secretary, an agent of

1 the Secretary, or a public housing agency to comply with
 2 an existing agreement.

3 “(b) VIOLATIONS OF HOUSING ASSISTANCE PAY-
 4 MENT CONTRACTS FOR WHICH PENALTY MAY BE IM-
 5 POSED.—

6 “(1) LIABLE PARTIES.—The Secretary may im-
 7 pose a civil money penalty under this section on—

8 “(A) any owner of a property receiving
 9 project-based assistance under section 8;

10 “(B) any general partner of a partnership
 11 owner of such property; and

12 “(C) any agent employed to manage the
 13 property that has an identity of interest with
 14 the owner or the general partner of a partner-
 15 ship owner of the property.

16 “(2) VIOLATIONS.—A penalty may be imposed
 17 under this section in connection with project-based
 18 assistance under section 8 for a knowing and mate-
 19 rial breach of a housing assistance payments con-
 20 tract, including the following:

21 “(A) DECENT, SAFE, AND SANITARY HOUS-
 22 ING.—Failure to provide decent, safe, and sani-
 23 tary housing.

24 “(B) FALSE STATEMENTS.—Knowing or
 25 willful submission of false, fictitious, or fraudu-

1 lent statements or requests for housing assist-
2 ance payments to the Secretary or to any de-
3 partment or agency of the United States.

4 “(3) AMOUNT OF PENALTY.—The amount of a
5 penalty imposed for a violation under this sub-
6 section, as determined by the Secretary, may not ex-
7 ceed \$25,000 per violation.

8 “(c) AGENCY PROCEDURES.—

9 “(1) ESTABLISHMENT.—The Secretary shall
10 issue regulations establishing standards and proce-
11 dures governing the imposition of civil money pen-
12 alties under subsection (b). Such standards and pro-
13 cedures—

14 “(A) shall provide for the Secretary or
15 other department official to make the deter-
16 mination to impose the penalty;

17 “(B) shall provide for the imposition of a
18 penalty only after the liable party has received
19 notice and the opportunity for a hearing on the
20 record; and

21 “(C) may provide for review by the Sec-
22 retary of any determination or order, or inter-
23 locutory ruling, arising from such hearing, and
24 judicial review, as provided under subsection
25 (d).

1 “(2) FINAL ORDERS.—If a hearing is not re-
2 requested prior to the expiration of the 15-day period
3 beginning on the date on which the notice of oppor-
4 tunity for hearing is received, the imposition of a
5 penalty under subsection (b) shall constitute a final
6 and nonappealable determination. If the Secretary
7 reviews the determination or order, the Secretary
8 may affirm, modify, or reverse that determination or
9 order. If the Secretary does not review the deter-
10 mination or order before the expiration of the 90-
11 day period beginning on the date on which the deter-
12 mination or order is issued, the determination or
13 order shall be final.

14 “(3) FACTORS IN DETERMINING AMOUNT OF
15 PENALTY.—In determining the amount of a penalty
16 under subsection (b), the Secretary shall take into
17 consideration—

18 “(A) the gravity of the offense;

19 “(B) any history of prior offenses (includ-
20 ing offenses occurring before the date of enact-
21 ment of this section) by the violator;

22 “(C) the ability of the violator to pay the
23 penalty;

24 “(D) any injury to tenants;

25 “(E) any injury to the public;

1 “(F) any benefits received by the violator
2 as a result of the violation;

3 “(G) the deterrence of future violations;
4 and

5 “(H) such other factors as the Secretary
6 may establish by regulation.

7 “(4) PAYMENT OF PENALTY.—No payment of a
8 civil money penalty levied under this section shall be
9 payable out of project income.

10 “(d) JUDICIAL REVIEW OF AGENCY DETERMINA-
11 TION.—Judicial review of determinations made under this
12 section shall be carried out in accordance with section
13 537(e) of the National Housing Act.

14 “(e) REMEDIES FOR NONCOMPLIANCE.—

15 “(1) JUDICIAL INTERVENTION.—If a person or
16 entity fails to comply with the Secretary’s deter-
17 mination or order imposing a civil money penalty
18 under subsection (b), after the determination or
19 order is no longer subject to review as provided by
20 subsections (c) and (d), the Secretary may request
21 the Attorney General of the United States to bring
22 an action in an appropriate United States district
23 court to obtain a monetary judgment against that
24 person or entity and such other relief as may be
25 available. The monetary judgment may, in the

1 court's discretion, include the attorney's fees and
2 other expenses incurred by the United States in con-
3 nection with the action.

4 “(2) NONREVIEWABILITY OF DETERMINATION
5 OR ORDER.—In an action under this subsection, the
6 validity and appropriateness of the Secretary's deter-
7 mination or order imposing the penalty shall not be
8 subject to review.

9 “(f) SETTLEMENT BY SECRETARY.—The Secretary
10 may compromise, modify, or remit any civil money penalty
11 which may be, or has been, imposed under this section.

12 “(g) DEPOSIT OF PENALTIES.—Notwithstanding any
13 other provision of law, the Secretary shall apply all civil
14 money penalties collected under this section, or any por-
15 tion of such penalties, to the fund established under sec-
16 tion 201(j) of the Housing and Community Development
17 Amendments of 1978.

18 “(h) DEFINITIONS.—For purposes of this section—

19 “(1) the term ‘identity of interest managing
20 agent’ means an entity—

21 “(A) that has management responsibility
22 for a project;

23 “(B) in which the ownership entity, includ-
24 ing its general partner or partners (if applica-
25 ble), has an ownership interest; and

1 “(C) over which such ownership entity ex-
2 erts effective control;

3 “(2) the terms ‘ownership interest in’ and ‘ef-
4 fective control’ shall have such meanings as the Sec-
5 retary shall by regulation prescribe; and

6 “(3) the term ‘knowing’ means having actual
7 knowledge of or acting with deliberate ignorance of
8 or reckless disregard for the prohibitions under this
9 section.”.

10 (b) APPLICABILITY OF AMENDMENTS.—The amend-
11 ments made by subsection (a) shall apply only with respect
12 to—

13 (1) violations that occur on or after the effec-
14 tive date of final regulations implementing the
15 amendments made by this section; and

16 (2) in the case of a continuing violation (as de-
17 termined by the Secretary), any portion of a viola-
18 tion that occurs on or after such date.

19 (c) IMPLEMENTATION.—

20 (1) REGULATIONS.—The Secretary shall imple-
21 ment the amendments made by this section by regu-
22 lation issued after notice and opportunity for public
23 comment. The notice shall seek comments as to the
24 definitions of the terms “ownership interest in” and
25 “effective control”, as such terms are used in the

1 definition of the term “identity of interest managing
2 agent”.

3 (2) TIMING.—A proposed rule implementing the
4 amendments made by this section shall be published
5 not later than January 20, 1995.

6 **Subtitle D—Supportive Housing**

7 **SEC. 641. SECTION 811 RENTAL ASSISTANCE FOR PERSONS** 8 **WITH DISABILITIES.**

9 (a) RENTAL ASSISTANCE FOR EXISTING BUILD-
10 INGS.—Section 811 of the Cranston-Gonzalez National
11 Affordable Housing Act (42 U.S.C. 8013) is amended—

12 (1) in subsection (d)(2), by adding at the end
13 the following: “The Secretary may enter into con-
14 tracts with private nonprofit organizations to provide
15 project rental assistance for supportive housing for
16 persons with disabilities, regardless of whether or
17 not that housing is developed with capital advances
18 under this section.”;

19 (2) in subsection (e)—

20 (A) in paragraph (1), by inserting “with
21 capital advances” immediately after “assisted”;
22 and

23 (B) in paragraph (2), by striking the first
24 2 sentences and inserting the following: “The
25 initial term of a contract entered into under

1 subsection (d)(2) shall be 240 months for hous-
2 ing developed with a capital advance, and shall
3 be not more than 60 months for housing not
4 developed with a capital advance. The Secretary
5 shall, to the extent approved in appropriations
6 Acts, extend any expiring contracts for a term
7 of not less than 60 months.”;

8 (3) in subsection (g)—

9 (A) in paragraph (1), by inserting “(if ap-
10 plicable)” immediately after “develop”;

11 (B) in paragraph (3), by inserting “design
12 or” immediately after “which the”; and

13 (C) in paragraph (5), by inserting “design
14 or” immediately after “which the”;

15 (4) in subsection (j)—

16 (A) in paragraph (3)—

17 (i) by striking “An” and inserting the
18 following:

19 “(A) If the housing is to be assisted with
20 capital advances under this section, an”; and

21 (ii) by adding at the end the following
22 new subparagraph:

23 “(B) If the housing is to be assisted only
24 with project rental assistance, the applicant
25 shall have ownership or control of a suitable

1 site at the time of application. The Secretary
 2 may approve a change in site at any time from
 3 the date the application is submitted to the ex-
 4 piration date of the rental assistance contract.”;
 5 and

6 (B) in paragraph (4), by striking “The”
 7 and inserting the following: “If the housing is
 8 assisted with capital advances under this sec-
 9 tion, the”;

10 (5) in subsection (k)—

11 (A) in the second sentence of paragraph
 12 (1), by striking “the development of”;

13 (B) in paragraph (4), by inserting after
 14 “project” the following: “, consisting of one or
 15 more buildings,”; and

16 (C) in paragraph (5), by inserting imme-
 17 diately after “disabilities” the following: “, or
 18 that receives rental assistance under this sec-
 19 tion to operate or project for supportive housing
 20 for persons with disabilities”; and

21 (6) in subsection (m)(3), by striking “(1)” and
 22 inserting “(2)”.

23 (b) TECHNICAL CHANGES.—

24 (1) DEFINITION OF PRIVATE NONPROFIT ORGA-
 25 NIZATION.—Section 811(k)(6)(A) of the Cranston-

1 Gonzalez National Affordable Housing Act (42
2 U.S.C. 8013(k)(6)(A)) is amended to read as fol-
3 lows:

4 “(A) that has received tax-exempt status
5 under paragraph (3) or (4) of section 501(c) of
6 the Internal Revenue Code of 1986;”.

7 (2) REPEAL.—Section 8(i) of the United States
8 Housing Act of 1937 (42 U.S.C. 8013(i)) is hereby
9 repealed.

10 **SEC. 642. SERVICE COORDINATORS IN SUPPORTIVE HOUS-**
11 **ING.**

12 There are authorized to be appropriated for assist-
13 ance for service coordinators under section 676 of the
14 Housing and Community Development Act of 1992, sec-
15 tion 8(d)(2)(F)(i) of the United States Housing Act of
16 1937, section 202 of the Housing Act of 1959, and section
17 811 of the Cranston-Gonzalez National Affordable Hous-
18 ing Act, \$15,000,000 for fiscal year 1995, and
19 \$15,000,000 for fiscal year 1996.

20 **SEC. 643. FUNDING FOR SUPPORTIVE HOUSING FOR THE**
21 **ELDERLY.**

22 Section 601 of the Housing and Community Develop-
23 ment Act of 1992 (106 Stat. 3802) is amended by striking
24 subsection (a) and inserting the following:

25 “(a) AUTHORIZATION OF APPROPRIATIONS.—

Section 601(a) of the Housing and Community Development Act of 1992 (106 Stat. 3802(a)), as amended by section 623, is amended by adding at the end the following new subsection:

“(2) SUPPORTIVE HOUSING FOR PERSONS WITH
DISABILITIES.—There are authorized to be appro-
priated to carry out section 811 of the Cranston-
Gonzalez National Affordable Housing Act—
“(A) \$435,000,000 for fiscal year 1995;
and
“(B) \$448,050,000 for fiscal year 1996.”.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 863 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12912) is amended to read as follows:

1 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this subtitle \$166,000,000 for fiscal year 1995 and
4 \$166,000,000 for fiscal year 1996.”.

5 **Subtitle E—Miscellaneous**
6 **Provisions**

7 **SEC. 651. FLEXIBLE SUBSIDY PROGRAM.**

8 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
9 201(j)(5) of the Housing and Community Development
10 Amendments of 1978 (12 U.S.C. 1715z–1a(j)(5)) is
11 amended to read as follows:

12 “(5) There are authorized to be appropriated
13 for assistance under the flexible subsidy fund an
14 amount not to exceed \$50,000,000 for fiscal year
15 1995, and not to exceed \$50,000,000 for fiscal year
16 1996.”.

17 (b) USE OF SECTION 236 RENTAL ASSISTANCE
18 FUND AMOUNTS.—Section 236(f)(3) of the National
19 Housing Act (12 U.S.C. 1715z–1(f)(3)) is amended by
20 striking the last sentence.

21 **SEC. 652. EXTENSION OF SECTION 221(g)(4) AUCTION PROVI-**
22 **SIONS.**

23 The first sentence of section 221(g)(4)(C)(viii) of the
24 National Housing Act (12 U.S.C. 1715/(g)(4)(C)(viii)) is
25 amended by striking “September 30, 1995” and inserting
26 “December 31, 2005”.

1 **SEC. 653. EXTENSION OF MULTIFAMILY MORTGAGE CREDIT**
2 **DEMONSTRATIONS.**

3 Section 542 of the Housing and Community Develop-
4 ment Act of 1992 (12 U.S.C. 1708) is amended—

5 (1) in subsection (b)(5), by striking “15,000
6 units over fiscal years 1993 and 1994” and inserting
7 “25,000 units over fiscal years 1993 through 1996”;
8 and

9 (2) in subsection (c)(4), by striking “30,000
10 units over fiscal years 1993, 1994, and 1995” and
11 inserting “40,000 units over fiscal years 1993
12 through 1997”.

13 **SEC. 654. INDEMNIFICATION FOR PROJECT MANAGERS.**

14 Section 207(l) of the National Housing Act (12
15 U.S.C. 1713(l)) is amended by adding at the end the fol-
16 lowing: “For properties acquired by the Secretary under
17 this section and for properties securing any mortgage as-
18 signed and transferred to or held by the Secretary, the
19 Secretary may indemnify management contractors against
20 claims brought by third persons for death, bodily injury,
21 or loss of or damage to property on such terms as the
22 Secretary determines appropriate.”.

1 **SEC. 655. CIVIL MONEY PENALTIES AGAINST GENERAL**
2 **PARTNERS AND CERTAIN MANAGING AGENTS**
3 **OF MULTIFAMILY HOUSING PROJECTS.**

4 (a) CIVIL MONEY PENALTIES AGAINST MULTIFAM-
5 ILY MORTGAGORS.—Section 537 of the National Housing
6 Act (12 U.S.C. 1735f–15) is amended—

7 (1) in subsection (b)(1), by inserting after
8 “mortgagor” the second place it appears the follow-
9 ing: “or general partner of a partnership mortga-
10 gor”;

11 (2) in subsection (c)—

12 (A) by striking the heading and inserting
13 the following:

14 “(c) OTHER VIOLATIONS.—”; and

15 (B) in paragraph (1)—

16 (i) by striking “The Secretary may”
17 and all that follows through the colon and
18 inserting the following:

19 “(A) LIABLE PARTIES.—The Secretary
20 may also impose a civil money penalty under
21 this section on—

22 “(i) any mortgagor of a property that
23 includes 5 or more living units and that
24 has a mortgage insured, coinsured, or held
25 pursuant to this Act;

1 “(ii) the general partner of a partner-
2 ship mortgagor of such property; or

3 “(iii) any agent employed to manage
4 the property that has an identity of inter-
5 est with the mortgagor or the general part-
6 ner of a partnership mortgagor of such
7 property.

8 “(B) VIOLATIONS.—A penalty may be im-
9 posed under this paragraph for knowingly and
10 materially taking any of the following actions:”;

11 (ii) in subparagraph (B), as redesign-
12 ated, by redesignating subparagraphs (A)
13 through (L) as clauses (i) through (xii), re-
14 spectively;

15 (iii) by adding after clause (xii), as re-
16 designated, the following new clauses:

17 “(xiii) Failure to maintain the prem-
18 ises, accommodations, and the grounds and
19 equipment appurtenant thereto in good re-
20 pair and condition in accordance with reg-
21 ulations and requirements of the Secretary,
22 except that nothing in this clause shall
23 have the effect of altering the provisions of
24 an existing regulatory agreement or feder-
25 ally insured mortgage on the property.

1 “(xiv) Failure, by a mortgagor or gen-
2 eral partner of a partnership mortgagor, to
3 provide management for the project that is
4 acceptable to the Secretary pursuant to
5 regulations and requirements of the Sec-
6 retary.”; and

7 (iv) in the last sentence, by deleting
8 “of such agreement” and inserting “of this
9 subsection”;

10 (3) in subsection (d)—

11 (A) in paragraph (1)(B), by inserting after
12 “mortgagor” the following: “, general partner
13 of a partnership mortgagor, or identity of inter-
14 est agent employed to manage the property,”;
15 and

16 (B) by adding at the end the following new
17 paragraph:

18 “(5) PAYMENT OF PENALTY.—No payment of a
19 civil money penalty levied under this section shall be
20 payable out of project income.”;

21 (4) in subsection (e)(1), by deleting “a mortga-
22 gor” and inserting “an entity or person”;

23 (5) in subsection (f), by inserting after “mort-
24 gagor” each place such term appears the following:

25 “, general partner of a partnership mortgagor, or

1 identity of interest agent employed to manage the
2 property,”;

3 (6) by striking the heading of subsection (f)
4 and inserting the following: “CIVIL MONEY PEN-
5 ALTIES AGAINST MULTIFAMILY MORTGAGORS, GEN-
6 ERAL PARTNERS OF PARTNERSHIP MORTGAGORS,
7 AND CERTAIN MANAGING AGENTS”;

8 (7) in subsection (j), by striking “all civil
9 money” and all that follows through the period at
10 the end and inserting the following: “the Secretary
11 shall apply all civil money penalties collected under
12 this section, or any portion of such penalties, to the
13 fund established under section 201(j) of the Housing
14 and Community Development Amendments of
15 1978.”; and

16 (8) by adding at the end the following new sub-
17 section:

18 “(k) IDENTITY OF INTEREST MANAGING AGENT.—
19 For purposes of this section, the term ‘identity of interest
20 managing agent’ means an entity—

21 “(1) that has management responsibility for a
22 project;

23 “(2) in which the ownership entity, including its
24 general partner or partners (if applicable), has an
25 ownership interest; and

1 “(3) over which such ownership entity exerts ef-
2 fective control.”.

3 (b) IMPLEMENTATION.—

4 (1) PUBLIC COMMENT.—The Secretary shall
5 implement the amendments made by this section by
6 regulation issued after notice and opportunity for
7 public comment. The notice shall seek comments pri-
8 marily as to the definitions of the terms “ownership
9 interest in” and “effective control”, as such terms
10 are used in the definition of identity of the term “in-
11 terest managing agent”.

12 (2) TIMING.—A proposed rule implementing the
13 amendments made by this section shall be published
14 not later than January 20, 1995.

15 (c) APPLICABILITY OF AMENDMENTS.—The amend-
16 ments made by subsection (a) shall apply only with respect
17 to—

18 (1) violations that occur on or after the effec-
19 tive date of the final regulations implementing the
20 amendments made by this section; and

21 (2) in the case of a continuing violation (as de-
22 termined by the Secretary), any portion of a viola-
23 tion that occurs on or after such date.

1 **SEC. 656. EXTENSION OF EQUITY SKIMMING TO OTHER**
2 **MULTIFAMILY HOUSING PROGRAMS.**

3 Section 254 of the National Housing Act (12 U.S.C.
4 1715z-19) is amended—

5 (1) by inserting “202 (as such program existed
6 before the date of enactment of the Cranston-Gon-
7 zalez National Affordable Housing Act),” before
8 “203,”;

9 (2) by inserting “221(d)(2),” after “220,”;

10 (3) by inserting “222,” after “221(d)(4),”;

11 (4) by inserting “235,” after “234,”;

12 (5) by inserting “255,” after “244,”; and

13 (6) by inserting “or 542(b) or 542(c) of the
14 Housing and Community Development Act of
15 1992,” after “title XI,”.

16 **SEC. 657. COMPREHENSIVE NEEDS ASSESSMENTS.**

17 (a) IN GENERAL.—Section 401(1)(A) of the Housing
18 and Community Development Act of 1992 (12 U.S.C.
19 1715z-1a note) is amended—

20 (1) in clause (iii), by striking “or” at the end;

21 (2) in clause (iv), by striking “and” at the end
22 and inserting “or”; and

23 (3) by adding at the end the following new
24 clause:

25 “(iv) is insured by the Secretary and is receiv-
26 ing housing assistance payments under section 8 of

1 the United States Housing Act of 1937 (excluding
 2 payments made for tenant-based assistance under
 3 section 8 or for projects assisted under section 515
 4 of the Housing Act of 1949); and”.

5 (b) TECHNICAL AMENDMENT.—Section 202(a) of the
 6 Housing and Community Development Amendments of
 7 1978 (12 U.S.C. 1715z–1b(a)) is amended in the second
 8 sentence by striking “section 201(c)” and inserting “sub-
 9 paragraphs (A), (B), and (C) of section 201(c)(1)”.

10 **SEC. 658. AUTHORIZATION OF APPROPRIATIONS FOR GEN-**
 11 **ERAL INSURANCE FUND AND SPECIAL RISK**
 12 **INSURANCE FUND.**

13 Section 542 of the National Housing Act (12 U.S.C.
 14 1735f–20) is amended by striking “1994 and 1995” and
 15 inserting “1995 and 1996”.

16 **SEC. 659. FHA MORTGAGE INSURANCE LIMITS FOR MULTI-**
 17 **FAMILY HOUSING IN HIGH COST AREAS.**

18 Sections 207(c)(3), 213(b)(2), 221(d)(3)(ii),
 19 221(d)(4)(ii), 231(c)(2), and 234(e)(3) of the National
 20 Housing Act (12 U.S.C. 1713(c)(3), 1715e(b)(2),
 21 1715l(d)(3)(ii), 1715/(d)(4)(ii), 1715v(c)(2); and
 22 1715y(e)(3)) are amended by striking “140 percent” in
 23 each place it appears and inserting in lieu thereof “147
 24 percent”.

1 **SEC. 660. ELIMINATION OF NEW ACTIVITY IN LOW-USE**
2 **MULTIFAMILY DEVELOPMENT PROGRAMS.**

3 (a) SECTION 220.—Section 220 of the National
4 Housing Act (12 U.S.C. 1715k) is amended by adding at
5 the end the following new subsection:

6 “(i) TERMINATION OF AUTHORITY.—Beginning 30
7 days after the effective date of the Housing Choice and
8 Community Investment Act of 1994, the Secretary may
9 not accept new applications for mortgage insurance under
10 this section.”.

11 (b) TITLE XI.—Section 1101 of the National Hous-
12 ing Act (12 U.S.C. 1749aaa) is amended by adding at the
13 end the following new subsection:

14 “(g) TERMINATION OF AUTHORITY.—Beginning 30
15 days after the effective date of the Housing Choice and
16 Community Investment Act of 1994, the Secretary may
17 not accept new applications for mortgage insurance under
18 this title.”.

19 **SEC. 661. REVISED CONGREGATE SERVICES.**

20 Section 802(d)(7) of the Cranston-Gonzalez National
21 Affordable Housing Act (42 U.S.C. 8011(d)(7)) is amend-
22 ed in subparagraph (A) by striking “The fees for meals
23 shall be in the following amounts:” and all that follows
24 through the end of the paragraph.

1 **SEC. 662. STUDY ON FHA INSURED MULTIFAMILY HOUSING**
2 **MORTGAGES.**

3 (a) IN GENERAL.—The Secretary and the Comptrol-
4 ler General of the United States shall jointly conduct a
5 study of the risks and benefits associated with the insur-
6 ance of mortgages on multifamily housing by the Federal
7 Housing Administration (hereafter in this section referred
8 to as the “FHA”) under the National Housing Act.

9 (b) SCOPE OF STUDY.—The study conducted under
10 this section shall analyze—

11 (1) the relationship between the default rates
12 for the various FHA multifamily mortgage insurance
13 programs and the credit subsidy amounts appro-
14 priated for these programs;

15 (2) the availability of private mortgage credit
16 for the development and acquisition of multifamily
17 housing;

18 (3) ways to enhance the availability of private
19 mortgage credit, with and without FHA mortgage
20 insurance, for the development and acquisition of
21 multifamily housing;

22 (4) the effect of downpayment requirements
23 and nonrecourse lending on the claims rate under
24 the mortgage insurance program established by sec-
25 tion 221(d)(4) of the National Housing Act and
26 ways to reduce the claims rate under such program;

1 (5) the relative financial risks shared between
2 the General Insurance Fund and the Special Risk
3 Insurance Fund under the National Housing Act
4 and developers of FHA insured multifamily housing
5 (including an analysis of the profits being realized
6 by developers under the insurance program estab-
7 lished in section 221(d)(4) of the National Housing
8 Act compared to the financial risk to such devel-
9 opers);

10 (6) the geographic diversity of FHA insured
11 multifamily housing, including the difference in the
12 number of units, project and per unit costs, and de-
13 fault rates (and any reasons for anomalies in the de-
14 fault rates in any geographic region);

15 (7) the need for low-income affordable multi-
16 family housing and the need for market rate multi-
17 family housing by geographic area, and specific rea-
18 sons why this need is or is not addressed in each
19 area; and

20 (8) the importance of FHA multifamily mort-
21 gage insurance in providing decent, safe, and sani-
22 tary rental housing for low-income individuals and
23 families.

24 (c) REPORT.—Not later than 12 months after the
25 date of enactment of this Act, the Secretary and the

1 Comptroller General of the United States shall submit a
 2 report to the Committee on Banking, Housing, and Urban
 3 Affairs of the Senate and the Committee on Banking, Fi-
 4 nance and Urban Affairs of the House of Representatives
 5 regarding the findings of the study conducted pursuant
 6 to this section. Such report shall include any recommenda-
 7 tions for increasing the availability of affordable multifam-
 8 ily housing and reducing the financial risk to the General
 9 Insurance Fund and the Special Risk Insurance Fund
 10 under the National Housing Act.

11 **TITLE VII—COMMUNITY AND** 12 **ECONOMIC DEVELOPMENT**

13 **SEC. 701. COMMUNITY AND ECONOMIC DEVELOPMENT.**

14 Title I of the Housing and Community Development
 15 Act of 1974 (42 U.S.C. 5301 et seq.) is amended by add-
 16 ing at the end the following new section:

17 **“SEC. 123. LEVERAGED INVESTMENTS FOR TOMORROW** 18 **(LIFT) PROGRAM.**

19 “(a) IN GENERAL.—

20 “(1) GRANTS AUTHORIZED.—The Secretary is
 21 authorized to make project-specific assistance avail-
 22 able in accordance with the provisions of this section
 23 for the purpose of stimulating economic activities
 24 that primarily benefit the low- and moderate-income
 25 residents of an investment area.

1 “(2) PROJECT GOALS.—The Secretary shall
2 provide assistance to projects in investment areas
3 that—

4 “(A) generate new investment;

5 “(B) directly create or retain jobs for resi-
6 dents;

7 “(C) increase the amount of disposable in-
8 come expended inside the investment area;

9 “(D) promote physical and economic revi-
10 talization;

11 “(E) increase the availability of goods and
12 services to residents; or

13 “(F) enhance the upward mobility of resi-
14 dents.

15 “(b) ELIGIBLE APPLICANTS.—In carrying out this
16 section, the Secretary shall make assistance described in
17 subsection (f) available to States, units of general local
18 government, Indian tribes, and urban or rural community-
19 based development organizations, and community develop-
20 ment financial institutions.

21 “(c) ELIGIBLE ACTIVITIES.—

22 “(1) IN GENERAL.—The Secretary shall provide
23 assistance under this section only to fund activities
24 in investment areas including the rehabilitation, con-
25 struction, or financing of—

1 “(A) retail or service facilities;

2 “(B) the nonhousing portion of mixed use
3 projects;

4 “(C) public facilities (except for buildings
5 for the general use of government);

6 “(D) the creation of new or retention of
7 existing enterprises;

8 “(E) incubator facilities to house small en-
9 terprises; and

10 “(F) light industrial facilities and equip-
11 ment.

12 “(2) FORMS OF ASSISTANCE.—Assistance made
13 available under this subsection may be in the form
14 of grants, loans, credit enhancement loan loss re-
15 serves, or other appropriate financing mechanism.

16 “(d) INELIGIBLE ACTIVITIES.—The Secretary shall
17 not provide assistance under this section to fund—

18 “(1) assistance to housing or housing related
19 activities, except as provided in subsection (c)(1)(B);

20 “(2) public services as described in section
21 105(a)(8);

22 “(3) assistance to develop or rehabilitate infra-
23 structure pursuant to section 105;

24 “(4) assistance to finance job training activities;

25 or

1 “(5) assistance to finance working capital ex-
2 penses.

3 “(e) ELIGIBLE INVESTMENT AREAS.—Assistance
4 made available under this section shall be used—

5 “(1) in areas that—

6 “(A) have a continuous boundary;

7 “(B) are not less than 50 percent residen-
8 tial;

9 “(C) have a population of which not less
10 than 20 percent is at or below the poverty level;
11 and

12 “(D) are located within a metropolitan or
13 nonmetropolitan area that is economically dis-
14 tressed and physically deteriorated, according to
15 criteria determined by the Secretary; or

16 “(2) in areas that have been designated as an
17 ‘Enterprise Community’ or ‘Empowerment Zone’
18 pursuant to section 1391 of the Internal Revenue
19 Code of 1986.

20 “(f) SELECTION PROCESS.—The Secretary shall se-
21 lect grantees under this section on a competitive basis in
22 accordance with the following:

23 “(1) IN GENERAL.—Each application for assist-
24 ance shall—

1 “(A) include the amount of assistance re-
2 quested and the proposed uses of funds;

3 “(B) describe the demographic, physical,
4 and economic characteristics of the investment
5 area;

6 “(C) describe a specific, eligible activity;

7 “(D) include an integrated strategy for the
8 economic and physical revitalization of the in-
9 vestment area;

10 “(E) demonstrate that the proposed
11 project is an important component of an ongo-
12 ing effort to implement the integrated strategy;

13 “(F) certify that the proposed project is
14 consistent with the applicable community devel-
15 opment and housing plans of the State or unit
16 of general local government; and

17 “(G) certify that the applicant will comply
18 with requirements of the Fair Housing Act,
19 title VI of the Civil Rights Act of 1964, section
20 504 of the Rehabilitation Act of 1973, and the
21 Age Discrimination Act of 1975.

22 “(2) AWARDS.—The Secretary may select
23 grantees for assistance on a quarterly basis.

1 “(g) SELECTION CRITERIA.—The Secretary shall se-
2 lect grantees from among eligible applicants based on the
3 following criteria:

4 “(1) SOCIAL AND ECONOMIC NEED.—The ex-
5 tent of economic and social need in the investment
6 area.

7 “(2) PHYSICAL NEED.—The extent of physical
8 need in the investment area, including the extent of
9 deteriorated or vacant and blighted commercial and
10 residential buildings and the extent of abandoned
11 commercial and residential property.

12 “(3) POSITIVE ECONOMIC IMPACT ON INVEST-
13 MENT AREA.—The extent to which an applicant’s
14 project shall produce a positive economic impact on
15 the investment area, as evidenced by—

16 “(A) creation or retention of jobs;

17 “(B) creation, expansion, or retention of
18 private, for-profit entities, particularly those en-
19 tities that are wholly- or majority-owned by
20 residents;

21 “(C) removal of blighted and vacant or
22 abandoned land or buildings and the replace-
23 ment of such with a productive eligible activity;

24 “(D) increase in the availability of goods
25 and services to residents; or

1 “(E) the generation of new local tax reve-
2 nue, including any temporary tax abatement
3 provided to assist in the development of the
4 project.

5 “(4) LEVERAGE.—The extent of leverage of
6 non-Federal public and private resources.

7 “(5) OTHER INVESTMENT.—The extent of other
8 public or private investment in the investment area.

9 “(6) INTEGRATED STRATEGY.—The extent to
10 which the project is a part of an ongoing effort to
11 implement an integrated strategy to facilitate invest-
12 ment and development in the investment area.

13 “(7) COMMUNITY PARTICIPATION.—The extent
14 to which the planning process for the project in-
15 cludes the active participation of investment area
16 residents.

17 “(h) FINANCIAL VIABILITY CRITERIA.—The Sec-
18 retary shall not provide assistance for any project that
19 does not meet financial viability criteria established by the
20 Secretary.

21 “(i) LEVERAGE REQUIREMENTS.—Notwithstanding
22 section 105(a)(9), assistance provided under this section
23 shall be leveraged with financing from sources other than
24 the Federal Government on the basis of \$2 of non-Federal
25 funds for each \$1 of assistance provided under this sec-

1 tion, of which not less than \$1 of the non-Federal funds
2 leveraged shall be from sources other than a State or local
3 government.

4 “(j) LIMITATIONS.—The Secretary shall—

5 “(1) not make assistance available in amounts
6 less than \$250,000 or greater than \$5,000,000;

7 “(2) establish a limit on the number of applica-
8 tions that may be submitted and the aggregate
9 amount of funds that can be awarded within a unit
10 of general local government during a specified period
11 of time; and

12 “(3) establish criteria to evaluate the financial
13 viability, economic impact, and cost reasonableness
14 of a proposed activity provided that assistance not
15 be limited to activities for which other forms of as-
16 sistance are not available or could not be accom-
17 plished but for that assistance.

18 “(k) DISSEMINATION OF INFORMATION.—The Sec-
19 retary shall require each grantee to produce a report in
20 the form of a case study. The Secretary shall select the
21 most instructive case studies, including successful and un-
22 successful projects, assemble them into a package, and
23 make the package available to all grantees and possible
24 grantees under this section.

25 “(l) RECORDS AND REPORTS.—

1 “(1) RECORDS.—

2 “(A) IN GENERAL.—Each recipient of as-
3 sistance under this section shall keep such
4 records as may be reasonably necessary to dis-
5 close the amounts and disposition of assistance
6 received under this section to ensure compliance
7 with the purposes of this section.

8 “(B) AUDITS AND EXAMINATIONS.—The
9 Secretary and Comptroller General of the
10 United States shall have access for the purpose
11 of audit and examination to any books, docu-
12 ments, papers, and records of the recipient that
13 are necessary to determine compliance with the
14 purposes of this section.

15 “(2) REPORTS.—Each recipient of assistance
16 under this section shall submit to the Secretary an
17 annual report to the Secretary describing—

18 “(A) the uses of funds made available
19 under this subsection; and

20 “(B) the impact of such funds in achieving
21 the purposes of this section.

22 “(m) DEFINITIONS.—For purposes of this section,
23 the following definitions shall apply:

24 “(1) SECRETARY.—The term ‘Secretary’ means
25 the Secretary of Housing and Urban Development.

1 “(2) STATE.—The term ‘State’ has the same
2 meaning as in section 102.

3 “(3) UNIT OF GENERAL LOCAL GOVERN-
4 MENT.—The term ‘unit of general local government’
5 has the same meaning as in section 102.

6 “(4) INDIAN TRIBE.—The term ‘Indian tribe’
7 has the same meaning as in section 102.

8 “(5) COMMUNITY-BASED DEVELOPMENT ORGA-
9 NIZATION.—The term ‘community-based develop-
10 ment organization’ means a private, locally or re-
11 regionally initiated, nonprofit entity, governed by a
12 board consisting of residents, business people, and
13 civic leaders from the locality or region, which has
14 a record of implementing community and economic
15 development projects or whose articles of incorpora-
16 tion or bylaws indicate an organizational focus on
17 community and economic development.

18 “(6) COMMUNITY DEVELOPMENT FINANCIAL IN-
19 STITUTION.—The term ‘community development fi-
20 nancial institution’ has the same meaning as in sec-
21 tion 103(3) of the Community Development Finan-
22 cial Institutions Act of 1994.

23 “(n) AUTHORIZATION.—There are authorized to be
24 appropriated for purposes of this section, \$300,000,000
25 for fiscal year 1995, and \$300,000,000 for fiscal year

1 1996. Of any amounts appropriated under this section, the
2 Secretary shall provide assistance of not more than 40
3 percent of the total amounts appropriated under this title
4 to Enterprise Communities and Empowerment Zones. Any
5 amounts appropriated shall remain available until ex-
6 pended.”.

7 **SEC. 702. COLONIAS ASSISTANCE GRANTS.**

8 (a) PROGRAM AUTHORIZATION.—The Secretary may
9 make grants in accordance with the provisions of this sec-
10 tion for use in addressing the community development and
11 housing needs of colonias.

12 (b) FUNDING SET-ASIDE.—

13 (1) IN GENERAL.—Of amounts allocated under
14 subsection (h) the Secretary shall set aside a target
15 amount for grants under this section for use in
16 colonias in each State. The Secretary shall deter-
17 mine the amount to be set aside, based on such ob-
18 jective factors of need as the Secretary deems appro-
19 priate, which may include rates of poverty in, and
20 the population of, colonias. The Secretary shall re-
21 allocate any amounts set aside under this paragraph
22 for which the Secretary determines there will not be
23 a sufficient number of eligible applications in a fiscal
24 year.

1 (2) USE OF FUNDS.—Any amount not set aside
2 or reallocated under paragraph (1) may be used in
3 colonias in any State.

4 (c) ELIGIBLE ENTITIES.—The Secretary may make
5 grants in accordance with subsection (d) to—

6 (1) units of general local government;

7 (2) States;

8 (3) nonprofit organizations; and

9 (4) entities or instrumentalities established
10 under the authority of any of the entities described
11 in paragraph (1), (2), or (3).

12 (d) SELECTION OF GRANTEES.—

13 (1) IN GENERAL.—The Secretary shall select
14 grantees under this section from among the entities
15 described in subsection (c) on the basis of a competi-
16 tion, following publication of a notice of funding
17 availability in the Federal Register.

18 (2) SELECTION CRITERIA.—In selecting
19 projects for grants under this section, the Secretary
20 shall consider—

21 (A) the extent of need in the colonia;

22 (B) the likely effectiveness of the proposed
23 approach in addressing identified needs;

1 (C) the extent to which funding for the
2 project is committed from sources other than
3 under this section;

4 (D) the extent to which the application
5 represents an innovative approach to addressing
6 the needs of colonias; and

7 (E) such other factors as the Secretary
8 deems appropriate to carry out the objectives of
9 this section.

10 (e) ELIGIBLE ACTIVITIES.—A grant made under this
11 section may be used to carry out one or more of the follow-
12 ing activities:

13 (1) CERTAIN OTHER ELIGIBLE ACTIVITIES.—
14 Any activity eligible under section 105 of the Hous-
15 ing and Community Development Act of 1974 or
16 section 212(a) of the HOME Investment Partner-
17 ships Act.

18 (2) REFINANCING.—Refinancing the existing
19 debt of homeowners to convert existing ownership
20 regimes into mortgages.

21 (3) NEW CONSTRUCTION.—The construction of
22 new housing, including self-help, energy-efficient,
23 and innovative housing design initiatives.

1 (4) REPLATTING AND REDEVELOPMENT.—The
2 replatting and redevelopment of existing subdivi-
3 sions.

4 (5) INFRASTRUCTURE.—The planning for, and
5 construction of, infrastructure necessary for the de-
6 velopment of housing, economic development, and
7 community facilities.

8 (6) OTHER ACTIVITIES.—Such other activities
9 as the Secretary deems appropriate to further the
10 purposes of this section.

11 (f) RECORDS, REPORTS, AND AUDITS.—

12 (1) KEEPING OF RECORDS.—Each grantee
13 under this section shall keep such records as may be
14 reasonably necessary to disclose the amounts and
15 the disposition of grant amounts received under this
16 section and to ensure compliance with the require-
17 ments of this section.

18 (2) GRANTEE REPORTS.—Each grantee under
19 this section shall submit to the Secretary a report,
20 or series of reports, in a form and at a time speci-
21 fied by the Secretary. Each report shall—

22 (A) describe the use of funds made avail-
23 able under this section; and

1 (B) analyze the effect of assisted activities
2 in addressing the community development and
3 housing needs of the residents of colonias.

4 (3) ACCESS TO DOCUMENTS BY THE SEC-
5 RETARY.—For the purpose of audit and examina-
6 tion, the Secretary shall have access to any books,
7 documents, papers, and records of each grantee
8 under this section that are pertinent to assistance
9 received under this section.

10 (4) ACCESS TO DOCUMENTS BY THE COMP-
11 TROLLER GENERAL.—The Comptroller General of
12 the United States, or any of the duly authorized rep-
13 resentatives of the Comptroller General, shall have
14 access to the purpose of audit and examination to
15 any books, documents, papers, and records of each
16 grantee under this section that are pertinent to as-
17 sistance received under, and the requirements of,
18 this section.

19 (g) DEFINITIONS.—For purposes of this section, the
20 following definitions shall apply:

21 (1) COLONIA.—The term “colonia” has the
22 same meaning as in section 916(e) of the Cranston-
23 Gonzalez National Affordable Housing Act.

24 (2) METROPOLITAN AREA.—The term “metro-
25 politan area” has the same meaning as in section

1 102(a)(3) of the Housing and Community Develop-
2 ment Act of 1974.

3 (3) NONPROFIT ORGANIZATION.—The term
4 “nonprofit organization” means—

5 (A) an organization—

6 (i) that is described in section 501(c)
7 of the Internal Revenue Code of 1986; and

8 (ii) that is exempt from taxation
9 under section 501(a) of such Code; or

10 (B) an organization—

11 (i) no part of the net earnings of
12 which inures to the benefit of any member,
13 founder, contributor, or individual;

14 (ii) that, in the case of a private non-
15 profit organization, has a voluntary board;

16 (iii) that has an accounting system, or
17 has designated a fiscal agent in accordance
18 with requirements established by the Sec-
19 retary; and

20 (iv) that practices nondiscrimination
21 in the provision of assistance.

22 (4) STATE.—The term “State” means the
23 States of California, Arizona, New Mexico, and
24 Texas.

25 (5) UNIT OF GENERAL LOCAL GOVERNMENT.—

1 (A) IN GENERAL.—The term “unit of gen-
2 eral local government” means—

3 (i) a city, town, township, county, par-
4 ish, village, or other general purpose politi-
5 cal subdivision of a State; and

6 (ii) any agency or instrumentality
7 thereof that is established pursuant to leg-
8 islation and designated by the chief execu-
9 tive to act on behalf of the jurisdiction
10 with regard to provisions of this section.

11 (B) CONSORTIA INCLUDED.—The term in-
12 cludes a consortium of geographically contig-
13 uous units of general local government, if the
14 Secretary determines that the consortium—

15 (i) has sufficient authority and admin-
16 istrative capability to carry out the pur-
17 poses of this section on behalf of its mem-
18 ber jurisdictions; and

19 (ii) meets such other requirements as
20 the Secretary may prescribe.

21 (6) UNITED STATES-MEXICO BORDER RE-
22 GION.—The term “United States-Mexico Border Re-
23 gion” has the same meaning as in section 916(e)(4)
24 of the Cranston-Gonzalez National Affordable Hous-
25 ing Act.

1 (h) FUNDING AUTHORIZATION.—There are author-
 2 ized to be appropriated to carry out this section
 3 \$50,000,000 for each of fiscal years 1995 and 1996.
 4 Amounts appropriated shall remain available until ex-
 5 pended.

6 **SEC. 703. EXTENSION OF COLONIA PROGRAM UNDER SEC-**
 7 **TION 916 OF THE CRANSTON-GONZALEZ NA-**
 8 **TIONAL AFFORDABLE HOUSING ACT.**

9 Section 916(f) of the Cranston-Gonzalez National Af-
 10 fordable Housing Act (42 U.S.C. 5306 note) is amended
 11 by striking “1991” and all that follows before the period
 12 and inserting “1995 and 1996”.

13 **SEC. 704. COMMUNITY DEVELOPMENT BLOCK GRANTS.**

14 (a) COMMUNITY DEVELOPMENT BLOCK GRANTS.—
 15 Section 103 of the Housing and Community Development
 16 Act of 1974 (42 U.S.C. 5303) is amended by striking the
 17 second sentence and inserting the following: “For pur-
 18 poses of assistance under section 106, there are authorized
 19 to be appropriated \$4,400,000,000 for fiscal year 1995
 20 and \$4,532,000,000 for fiscal year 1996.”.

21 (b) LIMITATION ON LOAN GUARANTEES.—Section
 22 108(a) of the Housing and Community Development Act
 23 of 1974 (42 U.S.C. 5308(a)) is amended by striking the
 24 fifth sentence and inserting the following: “Notwithstand-
 25 ing any other provision of law and subject only to the ab-

1 sence of qualified applicants or proposed activities and to
2 the authority provided in this section, to the extent ap-
3 proved in appropriation Acts, the Secretary shall enter
4 into commitments to guarantee notes and obligations
5 under this section with an aggregate principal amount of
6 \$2,054,000,000 for fiscal year 1995 and \$2,054,000,000
7 for fiscal year 1996.”.

8 (c) SPECIAL PURPOSE GRANTS.—Section 107(a) of
9 the Housing and Community Development Act of 1974
10 (42 U.S.C. 5307(a)) is amended by striking
11 “\$60,000,000” and all that follows through the period at
12 the end and inserting the following: “\$50,000,000 shall
13 be set aside each year for the following purposes:

14 “(A) \$7,000,000 shall be available in each
15 such year for grants under subsection (b)(1);

16 “(B) \$6,500,000 shall be available in each
17 such year for grants under subsection (b)(3);

18 “(C) \$15,000,000 shall be available in
19 each such year for activities under subsection
20 (b)(4);

21 “(D) \$5,000,000 shall be available in each
22 such year under subsection (b)(5);

23 “(E) \$7,500,000 shall be available in each
24 such year to carry out the Community Outreach
25 Partnership Act of 1992 as authorized pursu-

1 ant to section 851 of the Housing and Commu-
 2 nity Development Act of 1992;

3 “(F) \$3,000,000 shall be available in each
 4 such year for grants under subsection (c);

5 “(G) such sums as may be necessary shall
 6 be available in each such year for grants under
 7 subsection (b)(2); and

8 “(H) \$5,000,000 shall be made available in
 9 each such year for grants under the John Heinz
 10 Neighborhood Development Program under sec-
 11 tion 123 of the Housing and Urban Rural Re-
 12 covery Act of 1983.”.

13 **SEC. 705. ECONOMIC DEVELOPMENT INITIATIVE.**

14 Section 108(q)(1) of the Housing and Community
 15 Development Act of 1974 (42 U.S.C. 5308(q)(1)) is
 16 amended by adding at the end the following new sentence:
 17 “Of the amounts appropriated under section 123(n) not
 18 more than 10 percent shall be used to carry out this sub-
 19 section.”.

20 **SEC. 706. CDBG REALLOCATIONS.**

21 Section 106(c) of the Housing and Community Devel-
 22 opment Act of 1974 (42 U.S.C. 5306(c)) is amended by
 23 striking paragraph (4).

1 **SEC. 707. COMMUNITY VIABILITY FUND.**

2 Section 4 of the HUD Demonstration Act of 1993
3 (42 U.S.C. 9816 note) is amended—

4 (1) in subsection (a), by striking all after “Ini-
5 tiative” and inserting the following: “and through
6 intermediary training centers and community and
7 economic development organizing networks to—

8 “(1) develop the organizational capacity and the
9 ability of urban and rural community development
10 corporations, community-based organizations, and
11 community housing development organizations to
12 undertake community development, economic devel-
13 opment, and affordable housing projects and pro-
14 grams; and

15 “(2) develop the organizational capacity and
16 technical ability of urban and rural community de-
17 velopment corporations, community-based organiza-
18 tions, and community housing development organiza-
19 tions to establish sustainable and indigenous com-
20 munity and economic development organizations for
21 the benefit of low-income individuals.”;

22 (2) by striking subsection (b) and inserting the
23 following:

24 “(b) FORM OF ASSISTANCE.—Assistance under this
25 subsection may be used for—

1 “(1) training, technical assistance, capacity
2 building, and support for existing and new commu-
3 nity development corporations, community-based or-
4 ganizations, and community housing development or-
5 ganizations;

6 “(2) loans, grants, operating assistance, and
7 predevelopment assistance to community develop-
8 ment corporations, community-based organizations,
9 and community housing development organizations
10 to develop or improve the organizational capacity
11 and technical ability of such organizations to under-
12 take sustainable community-based development for
13 the benefit of low-income people; and

14 “(3) such other activities as may be determined
15 by the Secretary in consultation with recipients of
16 assistance under this section.”;

17 (3) by striking subsection (c) and inserting the
18 following:

19 “(c) MATCHING REQUIREMENT.—Assistance pro-
20 vided under this section shall be matched with funding
21 from private sources—

22 “(1) by intermediary training centers and com-
23 munity and economic development organizing net-
24 works, in an amount that is not less than the

1 amount of assistance provided under this section;
 2 and

3 “(2) by the National Community Development
 4 Initiative, in an amount that is not less than 3 times
 5 the amount of assistance provided under this sec-
 6 tion.”; and

7 (4) by striking subsection (e) and inserting the
 8 following:

9 “(e) DISSEMINATION OF INFORMATION.—The Sec-
 10 retary shall require recipients of assistance under this sec-
 11 tion to share information gathered in administering such
 12 assistance with other grantees and subgrantees under this
 13 section.

14 “(f) AUTHORIZATION.—There are authorized to be
 15 appropriated \$40,000,000 for fiscal year 1995, and
 16 \$40,000,000 for fiscal year 1996 to carry out this sec-
 17 tion.”.

18 **SEC. 708. COMMUNITY INVESTMENT CORPORATION DEM-**
 19 **ONSTRATION REAUTHORIZATION.**

20 Section 853(b) of the Housing and Community De-
 21 velopment Act of 1992 (42 U.S.C. 5305 note) is amend-
 22 ed—

23 (1) by striking paragraphs (8)(B) and (9)(B);
 24 and

1 (2) by striking paragraph (7)(D) and inserting
2 the following:

3 “(D) AUTHORIZATION.—There are author-
4 ized to be appropriated to carry out this para-
5 graph \$42,000,000 for fiscal year 1995 and
6 \$43,260,000 for fiscal year 1996 to provide
7 capital assistance to eligible organizations.
8 Amounts so appropriated shall remain available
9 until expended.”.

10 **SEC. 709. NATIONAL CITIES IN SCHOOLS PROGRAM.**

11 Section 930(c) of the Housing and Community Devel-
12 opment Act of 1992 (106 Stat. 3887) is amended to read
13 as follows:

14 “(c) AUTHORIZATION.—There are authorized to be
15 appropriated to carry out this section \$10,000,000 for fis-
16 cal year 1995 and \$10,000,000 for fiscal year 1996.”.

17 **SEC. 710. COMMUNITY DEVELOPMENT GRANTS FOR MINOR-**
18 **ITY COMMUNITIES WITH SPECIAL NEEDS**
19 **DEMONSTRATION.**

20 (a) AUTHORIZATION.—There are hereby authorized
21 for water infrastructure financing and other wastewater
22 activities for cities with special needs, not more than
23 \$25,000,000 for wastewater treatment projects, including
24 the construction of facilities and related expenses in mi-
25 nority communities with special needs to—

1 (1) improve the housing stock infrastructure in
2 the special needs communities; and

3 (2) abate health hazards caused by ground
4 water contamination for septage in arid areas with
5 high ground water levels.

6 (b) TREATMENT PROJECTS.—The wastewater treat-
7 ment projects authorized under this section shall include
8 innovative technologies such as vacuum systems and con-
9 structed wetlands.

10 (c) DEFINITIONS.—For purposes of this section—

11 (1) the term “cities with special needs” includes
12 minority communities with special needs;

13 (2) the term “minority” means an African-
14 American, a Hispanic-American, an Asian-American,
15 or a Native American; and

16 (3) the term “minority community with special
17 needs” means an unincorporated community—

18 (A) that, based on the latest census data,
19 has a minority population in excess of 50 per-
20 cent;

21 (B) that has been unable to issue bonds or
22 otherwise finance a wastewater treatment sys-
23 tem itself, because its attempt to change its po-
24 litical subdivision has been rejected by the State
25 legislature; and

1 (C) for which the State legislature has ap-
2 propriated funds to help pay for the project.

3 (d) REPORT.—Any community receiving a grant
4 under this subsection shall report to the Secretary not
5 later than 1 year after the completion of a wastewater
6 treatment project on the value of the project or the quality
7 of the housing stock and the health of the residents of
8 the community occurring as a result of the project. The
9 Secretary shall make such recommendations to Congress
10 as appropriate with regard to the value of wastewater
11 treatment projects as a component of programs adminis-
12 tered by the Secretary.

13 **SEC. 711. UDAG RECAPTURES.**

14 (a) IN GENERAL.—Section 119(g) of the Housing
15 and Community Development Act of 1974 (42 U.S.C.
16 5318(g)) is amended by striking the second sentence and
17 inserting the following: “Except as provided in section
18 232(c) of the Multifamily Housing Property Disposition
19 Reform Act of 1994, during the 18-month period begin-
20 ning on the date on which the UDAG Retention Program
21 authorized by such section expires, the Secretary shall be
22 prohibited from recapturing, adjusting, withdrawing, or
23 reducing any UDAG funds from recipients of UDAG
24 grants. For the duration of the UDAG Retention Pro-
25 gram, the Secretary shall provide technical assistance to

1 grant recipients to adjust, rework, relocate, refine, rede-
2 fine, or otherwise revise the original UDAG project de-
3 scription to produce a viable UDAG project in accordance
4 with the requirements of this section. The Secretary shall
5 not impose regulatory requirements that are not statu-
6 torily based, that restrict revision or use of UDAG fund-
7 ing.”.

8 (b) EXTENSION OF TIME PERIOD.—Section 119(t) of
9 the Housing and Community Development Act of 1974
10 (42 U.S.C. 5318(t)) is amended by striking “90 days”
11 each place it appears and inserting “21 months”.

12 (c) WAIVER OF INTEGRAL RELATION REQUIRE-
13 MENT.—Notwithstanding any other provision of law, the
14 requirement that an amendment to an urban development
15 action grant agreement must be integrally related to the
16 approved project is hereby waived for project numbers
17 B87AA360540 and B87AA360521.

18 **SEC. 712. STATE AGENCIES AS SURETIES.**

19 Section 9304 of title 31, United States Code, is
20 amended by adding at the end the following new sub-
21 section:

22 “(c) STATE AGENCIES.—A State agency, including
23 any financing authority established by any State, which
24 meets the requirements of paragraphs (2) and (3) of sub-

1 section (a) may be treated as a surety corporation for pur-
 2 poses of this chapter.”.

3 **SEC. 713. CONFORMING AMENDMENTS RELATED TO**
 4 **EMPOWERMENT ZONES AND ENTERPRISE**
 5 **COMMUNITIES.**

6 (a) CDBG ELIGIBLE ACTIVITIES.—Section
 7 105(a)(13) of the Housing and Community Development
 8 Act of 1974 (42 U.S.C. 5305(a)(13)) is amended by strik-
 9 ing “federally approved enterprise zones” and inserting
 10 “empowerment zones and enterprise communities des-
 11 ignated pursuant to section 1391 of the Internal Revenue
 12 Code of 1986”.

13 (b) CDBG EMPLOYMENT PRESUMPTION.—Section
 14 105(c)(4)(A) of the Housing and Community Develop-
 15 ment Act of 1974 (42 U.S.C. 5305(c)(4)(A)) is amend-
 16 ed—

17 (1) by striking “Federal enterprise zone”; and

18 (2) by inserting “for empowerment zones and
 19 enterprise communities designated pursuant to sec-
 20 tion 1391 of the Internal Revenue Code of 1986”
 21 after “criteria”.

22 **SEC. 714. STUDY OF USE OF CDBG AS A MATCH FOR OTHER**
 23 **FEDERAL PROGRAMS.**

24 Not later than January 31, 1995, the Secretary shall
 25 submit a report to the Committee on Banking, Housing,

1 and Urban Affairs of the Senate and the Committee on
 2 Banking, Finance and Urban Affairs of the House of Rep-
 3 resentatives describing the use of community development
 4 block grant funds, provided pursuant to title I of the
 5 Housing and Community Development Act of 1974, to
 6 meet the matching requirements in other Federal pro-
 7 grams. The report shall identify those Federal programs
 8 for which community development block grant funds qual-
 9 ify as a match and provide an analysis of the extent to
 10 which such funds are used as a match.

11 **TITLE VIII—NONJUDICIAL FORE-**
 12 **CLOSURE OF DEFAULTED**
 13 **SINGLE FAMILY MORTGAGES**

14 **SEC. 801. SHORT TITLE.**

15 This title may be cited as the “Single Family Mort-
 16 gage Foreclosure Act of 1994”.

17 **SEC. 802. FINDINGS AND PURPOSE.**

18 (a) FINDINGS.—The Congress finds that—

19 (1) the disparate State laws under which mort-
 20 gages are foreclosed on behalf of the Secretary cov-
 21 ering 1- to 4-family residential properties—

22 (A) burden certain programs administered
 23 by the Secretary;

24 (B) increase the costs of collecting obliga-
 25 tions; and

1 (C) generally are a detriment to the com-
2 munity in which the properties are located;

3 (2) the long periods required to complete the
4 foreclosure of such mortgages under certain State
5 laws—

6 (A) lead to deterioration in the condition of
7 the properties involved;

8 (B) necessitate substantial Federal holding
9 expenditures;

10 (C) increase the risk of vandalism, fire
11 loss, depreciation, damage, and waste with re-
12 spect to the properties; and

13 (D) adversely affect the neighborhoods in
14 which the properties are located;

15 (3) these conditions seriously impair the ability
16 of the Secretary to protect the Federal financial in-
17 terest in the affected properties and frustrate attain-
18 ment of the objectives of the underlying Federal pro-
19 gram authority;

20 (4) the availability of uniform and more expedi-
21 tious procedures, with no right of redemption in the
22 mortgagor or others, for the foreclosure of these
23 mortgages by the Secretary will tend to ameliorate
24 these conditions; and

1 (5) providing the Secretary with a nonjudicial
2 foreclosure procedure will reduce unnecessary litigation
3 by removing many foreclosures from the courts
4 if they contribute to overcrowded calendars.

5 (b) PURPOSE.—The purpose of this title is to create
6 a uniform Federal foreclosure remedy for single family
7 mortgages that—

8 (1) are held by the Secretary pursuant to title
9 I or title II of the National Housing Act; or

10 (2) secure loans obligated by the Secretary
11 under section 312 of the Housing Act of 1964.

12 **SEC. 803. DEFINITIONS.**

13 For purposes of this title, the following definitions
14 shall apply:

15 (1) BONA FIDE PURCHASER.—The term “bona
16 fide purchaser” means a purchaser for value in good
17 faith and without notice of any adverse claim, and
18 who acquires the security property free of any adverse
19 claim.

20 (2) COUNTY.—The term “county” has the same
21 meaning as in section 2 of title 1, United States
22 Code.

23 (3) MORTGAGE.—The term “mortgage” means
24 a deed of trust, mortgage, deed to secure debt, security
25 agreement, or any other form of instrument

1 under which any property (real, personal or mixed),
2 or any interest in property (including leaseholds, life
3 estates, reversionary interests, and any other estates
4 under applicable State law), is conveyed in trust,
5 mortgaged, encumbered, pledged, or otherwise ren-
6 dered subject to a lien for the purpose of securing
7 the payment of money or the performance of an obli-
8 gation.

9 (4) MORTGAGE AGREEMENT.—The term “mort-
10 gage agreement” means the note or debt instrument
11 and the mortgage instrument, deed of trust instru-
12 ment, trust deed, or instrument or instruments cre-
13 ating the mortgage, including any instrument incor-
14 porated by reference therein and any instrument or
15 agreement amending or modifying any of the fore-
16 going.

17 (5) MORTGAGOR.—The term “mortgagor”
18 means the obligor, grantor, or trustee named in the
19 mortgage agreement and, unless the context other-
20 wise indicates, includes the current owner of record
21 of the security property whether or not such owner
22 is personally liable on the mortgage debt.

23 (6) OWNER.—The term “owner” means any
24 person who has an ownership interest in property
25 and includes heirs, devisees, executors, administra-

1 tors, and other personal representatives, and trust-
2 ees of testamentary trusts if the owner of record is
3 deceased.

4 (7) PERSON.—The term “person” includes any
5 individual, group of individuals, association, partner-
6 ship, corporation, or organization.

7 (8) RECORD; RECORDED.—The terms “record”
8 and “recorded” include “register” and “registered”
9 in the instance of registered land.

10 (9) SECURITY PROPERTY.—The term “security
11 property” means the property (real, personal or
12 mixed) or an interest in property (including lease-
13 holds, life estates, reversionary interests, and any
14 other estates under applicable State law), together
15 with fixtures and other interests subject to the lien
16 of the mortgage under applicable State law.

17 (10) SINGLE FAMILY MORTGAGE.—The term
18 “single family mortgage” means a mortgage that
19 covers property on which there is located a 1- to 4-
20 family residence, and that—

21 (A) is held by the Secretary pursuant to
22 title I or title II of the National Housing Act;
23 or

24 (B) secures a loan obligated by the Sec-
25 retary under section 312 of the Housing Act of

1 1964, as it existed before the repeal of that sec-
2 tion by section 289 of the Cranston-Gonzalez
3 National Affordable Housing Act (except that a
4 mortgage securing such a loan that covers prop-
5 erty containing nonresidential space and a 1- to
6 4-family dwelling shall not be subject to this
7 title).

8 (11) STATE.—The term “State” means—

9 (A) the several States;

10 (B) the District of Columbia;

11 (C) the Commonwealth of Puerto Rico;

12 (D) the United States Virgin Islands;

13 (E) Guam;

14 (F) American Samoa;

15 (G) the Northern Mariana Islands;

16 (H) the Trust Territory of the Pacific Is-
17 lands; and

18 (I) Indian tribes, as defined by the Sec-
19 retary.

20 **SEC. 804. APPLICABILITY.**

21 Single family mortgages encumbering real estate lo-
22 cated in any State may be foreclosed by the Secretary in
23 accordance with this title, or pursuant to other foreclosure
24 procedures available, at the option of the Secretary.

1 **SEC. 805. DESIGNATION OF FORECLOSURE COMMISSIONER.**

2 (a) IN GENERAL.—The Secretary may designate a
3 person or persons to serve as a foreclosure commissioner
4 or commissioners for the purpose of foreclosing upon a
5 single family mortgage.

6 (b) POWER OF SALE.—A foreclosure commissioner
7 designated under this section shall have a nonjudicial
8 power of sale.

9 (c) QUALIFICATIONS.—The foreclosure commis-
10 sioner, if a natural person, shall be a resident of the State
11 in which the security property is located and, if not a natu-
12 ral person, the foreclosure commissioner must be duly au-
13 thorized to transact business under laws of the State in
14 which the security property is located. No person shall be
15 designated as a foreclosure commissioner unless that per-
16 son is responsible, financially sound, and competent to
17 conduct a foreclosure.

18 (d) DESIGNATION PROCEDURE.—

19 (1) WRITTEN DESIGNATION.—The Secretary
20 may designate a foreclosure commissioner by execut-
21 ing a written designation stating the name and busi-
22 ness or residential address of the commissioner, ex-
23 cept that if a person is designated in his or her ca-
24 pacity as an official or employee of a government or
25 corporate entity, such person may be designated by

1 his or her unique title or position instead of by
2 name.

3 (2) SUBSTITUTE COMMISSIONERS.—The Sec-
4 retary may, with or without cause, designate a sub-
5 stitute foreclosure commissioner to replace a pre-
6 viously designated foreclosure commissioner.

7 (3) NUMBER.—More than 1 foreclosure com-
8 missioner may be designated at any time.

9 **SEC. 806. PREREQUISITES TO FORECLOSURE.**

10 (a) IN GENERAL.—

11 (1) UPON BREACH OF COVENANT OR CONDI-
12 TION.—The Secretary is authorized to foreclose a
13 mortgage under this title upon the breach of a cov-
14 enant or condition in the mortgage agreement.

15 (2) NO OTHER PENDING PROCEEDINGS.—

16 (A) PRIOR TO COMMENCEMENT.—No fore-
17 closure may be commenced under this title un-
18 less any previously pending judicial or
19 nonjudicial proceeding that has been separately
20 instituted by the Secretary to foreclose the
21 mortgage (other than under this title), has been
22 withdrawn, dismissed, or otherwise terminated.

23 (B) AFTER COMMENCEMENT.—No sepa-
24 rately instituted foreclosure proceeding on a
25 mortgage which is the subject of a foreclosure

1 proceeding under this title shall be instituted by
2 the Secretary during the pendency of fore-
3 closure pursuant to this title.

4 (b) OTHER RIGHTS UNAFFECTED.—Nothing in this
5 title shall preclude the Secretary from—

6 (1) enforcing any right, other than foreclosure,
7 under applicable Federal or State law, including any
8 right to obtain a monetary judgment; or

9 (2) foreclosing under this title if the Secretary
10 has obtained or is seeking any other remedy avail-
11 able pursuant to Federal or State law, or under the
12 mortgage agreement, including the appointment of a
13 receiver, mortgagee-in-possession status, or relief
14 under an assignment of rents.

15 **SEC. 807. COMMENCEMENT OF FORECLOSURE.**

16 (a) REQUEST TO FORECLOSURE COMMISSIONER.—If
17 the Secretary, as holder of a single family mortgage, deter-
18 mines that the prerequisites to foreclosure set forth in sec-
19 tion 806 are satisfied, the Secretary may request the fore-
20 closure commissioner to commence foreclosure of a single
21 family mortgage. Upon such request, the foreclosure com-
22 missioner shall commence foreclosure of the mortgage, by
23 commencing service of a notice of default and foreclosure
24 sale in accordance with sections 808 and 809.

1 (b) DESIGNATION OF SUBSTITUTE FORECLOSURE
2 COMMISSIONER.—After commencement of a foreclosure
3 under this title, the Secretary may designate a substitute
4 foreclosure commissioner at any time before the time of
5 the foreclosure sale, and the foreclosure shall continue
6 without prejudice, unless the substitute commissioner, in
7 that commissioner's sole discretion, finds that continu-
8 ation of the foreclosure sale will unfairly affect the inter-
9 ests of the mortgagor. If the substitute commissioner
10 makes such a finding, the substitute commissioner shall
11 cancel the foreclosure sale, or adjourn such sale in accord-
12 ance with section 811(c).

13 (c) WRITTEN NOTICE.—Upon designation of a sub-
14 stitute foreclosure commissioner, a copy of the written no-
15 tice of such designation described in section 805 shall be
16 served—

17 (1) by mail, as provided in section 809 (except
18 that the minimum time periods between mailing and
19 the date of foreclosure sale prescribed in such sec-
20 tion shall not apply); or

21 (2) in any other manner which, in the sub-
22 stitute commissioner's sole discretion, is conducive to
23 achieving timely notice of such substitution.

1 **SEC. 808. NOTICE OF DEFAULT AND FORECLOSURE SALE.**

2 The notice of default and foreclosure sale to be served
3 in accordance with this title shall set forth—

4 (1) the name and address of the foreclosure
5 commissioner;

6 (2) the date on which the notice is issued;

7 (3) the names of—

8 (A) the Secretary;

9 (B) the original mortgagee (if other than
10 the Secretary); and

11 (C) the original mortgagor;

12 (4) the street address or a description of the lo-
13 cation of the security property, and a description of
14 the security property, sufficient to identify the prop-
15 erty to be sold;

16 (5) the date of the mortgage, the office in
17 which the mortgage is recorded, and the liber num-
18 ber and folio or other appropriate description of the
19 location of recordation of the mortgage;

20 (6) identification of the failure to make pay-
21 ment, including the due date of the earliest install-
22 ment payment remaining wholly unpaid as of the
23 date on which the notice is issued upon which the
24 foreclosure is based, or a description of any other
25 default or defaults upon which foreclosure is based,
26 and the acceleration of the secured indebtedness;

1 (7) the date, time, and location of the fore-
2 closure sale;

3 (8) a statement that the foreclosure is being
4 conducted pursuant to this title;

5 (9) a description of the types of costs, if any,
6 to be paid by the purchaser upon transfer of title;

7 (10) the amount and method of deposit to be
8 required at the foreclosure sale (except that no de-
9 posit shall be required of the Secretary) and the
10 time and method of payment of the balance of the
11 foreclosure purchase price; and

12 (11) any other appropriate terms of sale or in-
13 formation, as the Secretary may determine.

14 **SEC. 809. SERVICE OF NOTICE OF FORECLOSURE SALE.**

15 The foreclosure commissioner shall serve the notice
16 of default and foreclosure sale described in section 808
17 upon the following persons and in the following manner,
18 and no additional notice shall be required to be served,
19 notwithstanding any notice requirements of any State or
20 local law:

21 (1) **TIMING.**—Not less than 21 days before the
22 date of the foreclosure sale, the notice of default and
23 foreclosure sale shall be filed in the manner author-
24 ized for filing a notice of an action concerning real
25 property according to the law of the State in which

1 the security property is located or, if none, in the
2 manner authorized by section 3201 of title 28, Unit-
3 ed States Code.

4 (2) NOTICE BY MAIL.—

5 (A) IN GENERAL.—The notice of fore-
6 closure sale shall be sent by certified or reg-
7 istered mail, postage prepaid and return receipt
8 requested, to the following:

9 (i) CURRENT OWNER.—The current
10 security property owner of record, as the
11 record existed 45 days before the date
12 originally set for the foreclosure sale
13 (whether or not the notice describes a sale
14 adjourned).

15 (ii) MORTGAGORS.—All mortgagors of
16 record or other persons who appear on the
17 basis of the record to be liable for part or
18 all of the mortgage debt, as the record ex-
19 isted 45 days before the date originally set
20 for the foreclosure sale (whether or not the
21 notice describes a sale adjourned).

22 (iii) DWELLING UNITS.—All dwelling
23 units in the security property (whether or
24 not the notice describes a sale adjourned).

1 (iv) OTHER LIENHOLDERS.—All per-
2 sons holding liens of record upon the secu-
3 rity property, as the record existed 45 days
4 before the date originally set for the fore-
5 closure sale (whether or not the notice de-
6 scribes a sale adjourned).

7 (B) TIMING.—

8 (i) NOTICE UNDER CLAUSES (i) AND
9 (ii).—Notice under clauses (i) and (ii) of
10 subparagraph (A) shall be mailed not less
11 than 21 days before the date of the fore-
12 closure sale, and shall be mailed to the
13 current owner and mortgagor at the last
14 known address of the current owner and
15 mortgagor, or, if none, to the address of
16 the security property, or, at the discretion
17 of the foreclosure commissioner, to any
18 other address believed to be that of such
19 current owner and mortgagor.

20 (ii) NOTICE UNDER CLAUSE (iii).—
21 Notice under clause (iii) of subparagraph
22 (A) shall be mailed not less than 21 days
23 before the date of the foreclosure sale. If
24 the names of the occupants of the security
25 property are not known to the Secretary,

1 or the security property has more than 1
2 dwelling, the notice shall be posted at the
3 security property not less than 21 days be-
4 fore the foreclosure sale.

5 (iii) NOTICE UNDER CLAUSE (iv).—
6 Notice under clause (iv) of subparagraph
7 (A) shall be mailed not less than 21 days
8 before the date of the foreclosure sale, and
9 shall be mailed to each such lienholder's
10 address of record or, at the discretion of
11 the foreclosure commissioner, to any other
12 address believed to be that of such
13 lienholder.

14 (C) EFFECTIVENESS OF NOTICE.—Notice
15 by mail pursuant to this section or section
16 807(c) shall be deemed duly given upon mail-
17 ing, whether or not received by the addressee
18 and whether or not a return receipt is received
19 or the notice is returned.

20 (3) PUBLICATION.—

21 (A) IN GENERAL.—A copy of the notice of
22 default and foreclosure sale shall be published
23 once a week during 3 successive calendar weeks
24 before the date of the foreclosure sale. Such
25 publication shall be in a newspaper or news-

1 papers having general circulation in the county
2 or counties in which the security property being
3 sold is located. To the extent practicable, the
4 newspaper or newspapers chosen shall be a
5 newspaper or newspapers having circulation
6 conducive to achieving notice of foreclosure by
7 publication. A legal newspaper that is accepted
8 as a newspaper of legal record in the county or
9 counties in which the security property being
10 sold is located shall be considered a newspaper
11 having general circulation for the purposes of
12 this paragraph.

13 (B) EXCEPTION.—If there is no newspaper
14 published at least weekly which has a general
15 circulation in one of the counties in which the
16 security property being sold is located, copies of
17 the notice of default and foreclosure sale shall
18 be posted not less than 21 days before the date
19 of the foreclosure sale—

20 (i) at the courthouse of any county or
21 counties in which the security property is
22 located; and

23 (ii) at the place where the sale is to
24 be held.

1 **SEC. 810. PRESALE REINSTATEMENT.**

2 (a) WITHDRAWAL AND CANCELLATION.—

3 (1) IN GENERAL.—Except as provided in sec-
4 tions 807(b) and 811(c), the foreclosure commis-
5 sioner shall withdraw the security property from
6 foreclosure and cancel the foreclosure sale only if—

7 (A) the Secretary directs the foreclosure
8 commissioner to do so before or at the time of
9 the sale;

10 (B) the foreclosure commissioner finds,
11 upon application of the mortgagor not less than
12 3 days before the date of the sale, that the de-
13 fault or defaults upon which the foreclosure is
14 based did not exist at the time of service of the
15 notice of default and foreclosure sale; or

16 (C)(i) in the case of a foreclosure involving
17 a monetary default, there is tendered to the
18 foreclosure commissioner before public auction
19 is completed the entire amount of principal and
20 interest which would be due if payments under
21 the mortgage had not been accelerated;

22 (ii) in the case of a foreclosure involving a
23 nonmonetary default, the foreclosure commis-
24 sioner, upon application of the mortgagor be-
25 fore the date of foreclosure sale, finds that such
26 default is cured; and

1 (iii) there is tendered to the foreclosure
2 commissioner before public auction is com-
3 pleted—

4 (I) all amounts due under the mort-
5 gage agreement (excluding additional
6 amounts which would have been due if
7 mortgage payments had been accelerated);

8 (II) all amounts of expenditures se-
9 cured by the mortgage; and

10 (III) all costs of foreclosure incurred
11 for which payment from the proceeds of
12 foreclosure is provided in section 812.

13 (2) DISCRETIONARY NONCANCELLATION.—The
14 Secretary may refuse to cancel a foreclosure sale
15 pursuant to paragraph (1)(C) if the current mortga-
16 gor or owner of record has, on one or more previous
17 occasions, caused a foreclosure of the mortgage,
18 commenced pursuant to this title or otherwise, to be
19 canceled by curing a default.

20 (b) OPPORTUNITY OF SECRETARY TO DISPUTE
21 WITHDRAWAL.—Before withdrawing the security property
22 from foreclosure under subparagraph (B) or (C) of sub-
23 section (a)(1), the foreclosure commissioner shall afford
24 the Secretary a reasonable opportunity to demonstrate
25 why the security property should not be so withdrawn.

1 (c) EFFECT OF CANCELLATION.—

2 (1) MORTGAGE UNAFFECTED.—In any case in
3 which a foreclosure commenced under this title is
4 canceled, the mortgage shall continue in effect as
5 though acceleration had not occurred.

6 (2) COMMENCEMENT OF NEW FORECLOSURE
7 SALE.—Cancellation of a foreclosure sale under this
8 title shall have no effect on the commencement of a
9 subsequent foreclosure proceeding under this title.

10 (d) NOTICE OF CANCELLATION.—The foreclosure
11 commissioner shall file a notice of cancellation in the same
12 place and manner provided for filing the notice of default
13 and foreclosure sale in section 809.

14 **SEC. 811. CONDUCT OF SALE; ADJOURNMENT.**

15 (a) IN GENERAL.—

16 (1) MANNER AND TIME.—A foreclosure sale
17 pursuant to this title shall be held at public auction
18 and shall be scheduled to begin between the hours
19 of 9 o'clock ante meridian and 4 o'clock post merid-
20 ian local time.

21 (2) LOCATION.—The foreclosure sale shall be
22 held at a location specified in the notice of default
23 and foreclosure sale and such location shall be at a
24 place where foreclosure real estate auctions are cus-
25 tomarily held in the county or counties in which the

1 property to be sold is located, or at a courthouse
2 therein, or at or on the property to be sold. Sale of
3 security property situated in two or more counties
4 may be held in any 1 of the counties in which any
5 part of the security property is situated.

6 (3) SALE OF MULTIPLE PROPERTIES.—The
7 foreclosure commissioner may designate the order in
8 which multiple security properties are sold.

9 (b) DUTIES OF FORECLOSURE COMMISSIONER.—

10 (1) CONDUCT OF SALE.—

11 (A) IN GENERAL.—The foreclosure com-
12 missioner shall conduct the foreclosure sale in
13 accordance with the provisions of this title and
14 in a manner fair to both the mortgagor and the
15 Secretary.

16 (B) WRITTEN BIDS.—Written one-price
17 sealed bids shall be accepted by the foreclosure
18 commissioner from the Secretary and other per-
19 sons for entry by announcement by the fore-
20 closure commissioner at the sale.

21 (C) AUCTIONEER.—The foreclosure com-
22 missioner may serve as auctioneer, or, in ac-
23 cordance with regulations of the Secretary, may
24 employ an auctioneer to be paid from the com-
25 mission provided for in section 812(5).

1 (2) ELIGIBLE PARTICIPANTS.—

2 (A) IN GENERAL.—The Secretary, and any
3 other person who has submitted a written one-
4 price bid, may bid at the foreclosure sale.

5 (B) PROHIBITED PARTICIPANTS.—The
6 foreclosure commissioner or any relative, related
7 business entity, or employee of the foreclosure
8 commissioner or a related business entity shall
9 not be permitted to bid in any manner on the
10 security property subject to foreclosure sale, ex-
11 cept that the foreclosure commissioner or an
12 auctioneer may be directed by the Secretary to
13 enter a bid on the Secretary's behalf.

14 (c) ADJOURNMENT OR CANCELLATION OF SALE.—

15 (1) GENERAL AUTHORITY.—The foreclosure
16 commissioner may, before or at the time of the fore-
17 closure sale, adjourn or cancel the foreclosure sale if
18 the commissioner determines, in the commissioner's
19 discretion, that—

20 (A) circumstances are not conducive to a
21 sale which is fair to the mortgagor and the Sec-
22 retary; or

23 (B) additional time is necessary to deter-
24 mine whether the security property should be

1 withdrawn from foreclosure, as provided in sec-
2 tion 810.

3 (2) ADJOURNMENT TO SAME OR LATER DAY.—

4 The foreclosure commissioner may adjourn a fore-
5 closure sale to a later hour the same day by an-
6 nouncing or posting the new time and place of the
7 foreclosure sale, or may adjourn the foreclosure sale
8 for not less than 9 and not more than 31 days, in
9 which case the commissioner shall serve a notice of
10 default and foreclosure sale revised to recite the fact
11 that the foreclosure sale has been adjourned to a
12 specified date, as well as any other information the
13 foreclosure commissioner deems appropriate. Such
14 notice shall be served by publication and mailing in
15 accordance with section 809, except that publication
16 may be made on any of 3 separate days before the
17 revised date of foreclosure sale, and mailing may be
18 made at any time not less than 7 days before the
19 date to which the foreclosure sale has been ad-
20 journed.

21 (d) CASH DEPOSITS.—The foreclosure commissioner
22 may require a bidder to make a cash deposit in an amount
23 or percentage set by the foreclosure commissioner and
24 stated in the notice of foreclosure sale before the bid is
25 accepted. A successful bidder at the foreclosure sale who

1 fails to comply with the terms of the sale may be required
2 to forfeit the cash deposit or, at the election of the fore-
3 closure commissioner after consultation with the Sec-
4 retary, shall be liable to the Secretary for any costs in-
5 curred as a result of such failure.

6 (e) PRESUMPTION OF VALIDITY OF SALE.—Any fore-
7 closure sale held in accordance with this title shall be con-
8 clusively presumed to have been conducted in a legal, fair,
9 and reasonable manner. The sale price shall be conclu-
10 sively presumed to be reasonable and equal to the fair
11 market value of the property.

12 **SEC. 812. FORECLOSURE COSTS.**

13 The following foreclosure costs shall be paid from the
14 sale proceeds before satisfaction of any other claim to such
15 sale proceeds:

16 (1) ADVERTISING AND POSTAGE.—Necessary
17 advertising costs and postage incurred in giving no-
18 tice pursuant to sections 809 and 811.

19 (2) MILEAGE.—Mileage (determined by the
20 most reasonable road distance) for posting notices
21 and for the foreclosure commissioner's or auc-
22 tioneer's attendance at the sale, as provided in sec-
23 tion 1821 of title 28, United States Code.

1 (3) TITLE AND LIEN SEARCH.—Reasonable and
2 necessary costs incurred in connection with any
3 search of title and lien records.

4 (4) RECORDATION FEES.—Costs incurred to
5 record documents.

6 (5) COMMISSION.—A commission for the fore-
7 closure commissioner (if the foreclosure commis-
8 sioner is not an employee of the United States) for
9 the conduct of the foreclosure, to the extent such a
10 commission is authorized by the Secretary.

11 **SEC. 813. DISPOSITION OF SALE PROCEEDS.**

12 (a) PRIORITY PAYMENTS.—Money realized from a
13 foreclosure sale shall be made available for obligation and
14 expenditure in the following order:

15 (1) COSTS OF FORECLOSURE.—To cover the
16 costs of the foreclosure proceeding described in sec-
17 tion 812.

18 (2) TAX LIENS.—To pay valid tax liens or as-
19 sessments if required by the notice of default and
20 foreclosure sale.

21 (3) PRIOR LIENS.—To pay any liens recorded
22 before the recording of the mortgage which are re-
23 quired to be paid in conformity with the terms of
24 sale in the notice of default and foreclosure sale.

1 (4) SERVICE CHARGES AND ADVANCES.—To
2 pay service charges and advances for taxes, assess-
3 ments, and property insurance premiums.

4 (5) INTEREST.—To pay any outstanding inter-
5 est.

6 (6) PRINCIPAL.—To pay the principal outstand-
7 ing balance secured by the mortgage (including ex-
8 penditures for the necessary protection, preservation,
9 and repair of the security property as authorized
10 under the mortgage agreement and interest thereon
11 if provided for in the mortgage agreement).

12 (7) LATE CHARGES OR FEES.—To pay any late
13 charges or fees.

14 (b) OTHER PAYMENTS.—

15 (1) OTHER LIENHOLDERS AND THE MORTGA-
16 GOR.—Any surplus of proceeds from a foreclosure
17 sale, after payment of the items described in sub-
18 section (a) shall be paid in the following order:

19 (A) First, to holders of liens recorded after
20 the mortgage in the order of priority under
21 Federal law or the law of the State in which the
22 security property is located.

23 (B) Second, to the appropriate mortgagor.

24 (2) DISPUTED CLAIMS.—If the person to whom
25 such surplus is to be paid cannot be located, or if

1 the surplus available is insufficient to pay all claim-
2 ants and the claimants cannot agree on the alloca-
3 tion of the surplus, or if any person claiming an in-
4 terest in the mortgage proceeds does not agree that
5 some or all of the sale proceeds should be paid to
6 a claimant as provided in this section, that part of
7 the sale proceeds in question may be deposited by
8 the foreclosure commissioner with an appropriate of-
9 ficial or court authorized under law to receive dis-
10 puted funds in such circumstances. If a procedure
11 for the deposit of disputed funds is not available,
12 and the foreclosure commissioner files a bill of
13 interpleader or is sued as a stakeholder to determine
14 entitlement to such funds, the foreclosure commis-
15 sioner's necessary costs incurred in taking or de-
16 fending such action shall be deductible from the dis-
17 puted funds.

18 **SEC. 814. TRANSFER OF TITLE AND POSSESSION.**

19 (a) DELIVERY OF DEEDS.—The foreclosure commis-
20 sioner shall, upon delivery of a deed or deeds to the pur-
21 chaser or purchasers (which shall be without warranty or
22 covenants to the purchaser or purchasers) obtain the bal-
23 ance of the purchase price in accordance with the terms
24 of sale provided in the notice of default and foreclosure
25 sale. Notwithstanding any State law to the contrary, deliv-

1 ery of a deed by the foreclosure commissioner shall be a
2 conveyance of the property, and constitute passage of title
3 to the mortgaged property, and no judicial proceedings
4 shall be required ancillary or supplementary to the proce-
5 dures provided in this title to assure the validity of the
6 conveyance or confirmation of such conveyance.

7 (b) RIGHT OF POSSESSION.—A purchaser at a fore-
8 closure sale held pursuant to this title shall be entitled
9 to possession upon passage of title under subsection (a)
10 to the mortgaged property, subject to any interest or inter-
11 ests not barred under section 816. Any person remaining
12 in possession of the mortgaged property after the passage
13 of title shall be deemed a tenant at sufferance subject to
14 eviction under local law.

15 (c) DEATH OF PURCHASER.—If a purchaser dies be-
16 fore execution and delivery of the deed conveying the prop-
17 erty to the purchaser, the foreclosure commissioner shall
18 execute and deliver the deed to a representative of the de-
19 cedent purchaser's estate upon payment of the purchase
20 price in accordance with the terms of sale. Such delivery
21 to the representative of the purchaser's estate shall have
22 the same effect as if accomplished during the lifetime of
23 the purchaser.

1 (d) BONA FIDE PURCHASER.—The purchaser of
2 property under this title shall be presumed to be a bona
3 fide purchaser.

4 (e) NO RIGHT OF REDEMPTION.—

5 (1) IN GENERAL.—There shall be no right of
6 redemption, or right of possession based upon a
7 right of redemption, in the mortgagor or others sub-
8 sequent to a foreclosure completed pursuant to this
9 title.

10 (2) CERTAIN PROVISIONS.—Section 204(l) of
11 the National Housing Act and section 701 of the
12 Department of Housing and Urban Development
13 Reform Act of 1989 shall not apply to mortgages
14 foreclosed under this title.

15 (f) TAXES.—When a mortgage foreclosed pursuant to
16 this title is conveyed to the Secretary, no tax shall be im-
17 posed or collected with respect to the foreclosure commis-
18 sioner's deed (including any tax customarily imposed upon
19 the deed instrument or upon the conveyance or transfer
20 of title to the property). Failure to collect or pay a tax
21 of the type and under the circumstances stated in the pre-
22 ceding sentence shall not be grounds for refusing to record
23 such a deed, for failing to recognize such recordation as
24 imparting notice, or for denying the enforcement of such
25 a deed and its provisions in any State or Federal court.

1 **SEC. 815. RECORD OF FORECLOSURE AND SALE.**

2 (a) STATEMENTS INCLUDED.—To establish a suffi-
3 cient record of foreclosure and sale, the foreclosure com-
4 missioner shall include in the recitals of the deed to the
5 purchaser, or prepare as an affidavit or addendum to the
6 deed, a statement setting forth—

7 (1) the date, time, and place of the foreclosure
8 sale;

9 (2) that the mortgage was held by the Sec-
10 retary, the date of the mortgage, the office in which
11 the mortgage was recorded, and the liber number
12 and folio or other appropriate description of the rec-
13 ordation of the mortgage;

14 (3) the particulars of the foreclosure commis-
15 sioner's service of the notice of default and fore-
16 closure sale in accordance with sections 809 and
17 811;

18 (4) the date and place of filing the notice of de-
19 fault and foreclosure sale;

20 (5) that the foreclosure was conducted in ac-
21 cordance with the provisions of this title and with
22 the terms of the notice of default and foreclosure
23 sale; and

24 (6) the sale amount.

25 (b) EFFECT OF STATEMENTS.—The items set forth
26 in subsection (a) shall—

1 (1) be prima facie evidence of the truth of such
2 facts in any Federal or State court; and

3 (2) evidence a conclusive presumption in favor
4 of bona fide purchasers and encumbrancers for value
5 without notice.

6 Encumbrancers for value include liens placed by lenders
7 who provide the purchaser with purchase money in ex-
8 change for a security interest in the newly-conveyed prop-
9 erty.

10 (c) RECORDATION OF INSTRUMENTS.—The deed exe-
11 cuted by the foreclosure commissioner, the foreclosure
12 commissioner's affidavit (if prepared) and any other in-
13 struments submitted for recordation in relation to the
14 foreclosure of the security property under this title shall
15 be accepted for recordation by the registrar of deeds or
16 other appropriate official of the county or counties in
17 which the security property is located upon tendering of
18 payment of the usual recording fees for such instruments,
19 and without regard to the compliance of those instruments
20 with any other local filing requirements.

21 **SEC. 816. EFFECT OF SALE.**

22 A sale, made and conducted as prescribed in this title
23 to a bona fide purchaser, shall bar all claims upon, or with
24 respect to, the property sold, for each of the following per-
25 sons:

1 (1) NOTICE RECIPIENTS.—Any person to whom
2 the notice of default and foreclosure sale was mailed
3 as provided in this title, and the heir, devisee, execu-
4 tor, administrator, successor, or assignee claiming
5 under any such person.

6 (2) SUBORDINATE CLAIMANTS WITH KNOWL-
7 EDGE.—Any person claiming any interest in the
8 property subordinate to that of the mortgage, if such
9 person had actual knowledge of the foreclosure sale.

10 (3) NONRECORDED CLAIMANTS.—Any person
11 claiming any interest in the property, whose assign-
12 ment, mortgage, or other conveyance was not duly
13 recorded or filed in the proper place for recording or
14 filing, or whose judgment or decree was not duly
15 docketed or filed in the proper place for docketing
16 or filing, before the date on which the notice of the
17 foreclosure sale was first served by publication, as
18 required by section 809(3), and the executor, admin-
19 istrator, or assignee of such a person.

20 (4) OTHER PERSONS.—Any person claiming an
21 interest in the property under a statutory lien or en-
22 cumbrance created subsequent to the recording or
23 filing of the mortgage being foreclosed, and attach-
24 ing to the title or interest of any person designated
25 in any of the foregoing paragraphs.

1 **SEC. 817. COMPUTATION OF TIME.**

2 Periods of time provided for in this title shall be cal-
3 culated in consecutive calendar days, including the day or
4 days on which the actions or events occur or are to occur
5 for which the period of time is provided and including the
6 day on which an event occurs or is to occur from which
7 the period is to be calculated.

8 **SEC. 818. SEVERABILITY.**

9 If any part of this title shall, for any reason, be ad-
10 judged by a court of competent jurisdiction to be invalid,
11 or invalid as applied to a class of cases, such judgment
12 shall not affect, impair, or invalidate the remainder there-
13 of, and shall be confined in its operation to the part there-
14 of directly involved in the controversy in which such judg-
15 ment shall have been rendered.

16 **SEC. 819. DEFICIENCY JUDGMENT.**

17 (a) IN GENERAL.—

18 (1) REFERRAL TO ATTORNEY GENERAL.—If
19 after deducting the payments provided for in section
20 813 of this title, the price at which the security
21 property is sold at a foreclosure sale is less than the
22 unpaid balance of the debt secured by the security
23 property, resulting in a deficiency, the Secretary
24 may refer the matter to the Attorney General who
25 may commence an action or actions against any or

1 all debtors to recover the deficiency, unless such an
2 action is specifically prohibited by the mortgage.

3 (2) OTHER RECOVERIES.—In any action insti-
4 tuted pursuant to this section the United States may
5 recover—

6 (A) any amount authorized by section
7 3011 of title 28, United States Code; and

8 (B) the costs of the action.

9 (b) LIMITATION.—Any action commenced to recover
10 a deficiency under this section must be brought not later
11 than 6 years after the date of the last sale of the security
12 property.

13 **TITLE IX—RURAL HOUSING**

14 **SEC. 901. PROGRAM AUTHORIZATIONS.**

15 (a) INSURANCE AND GUARANTEE AUTHORITY.—Sec-
16 tion 513(a) of the Housing Act of 1949 (42 U.S.C.
17 1483(a)) is amended to read as follows:

18 “(a) INSURANCE AND GUARANTEE AUTHORITY.—

19 “(1) IN GENERAL.—The Secretary may, to the
20 extent approved in appropriation Acts, insure and
21 guarantee loans under this title during fiscal years
22 1995 and 1996, in aggregate amounts not to exceed
23 \$3,231,103,950 and \$3,360,037,069, respectively, as
24 follows:

1 “(A) For insured or guaranteed loans
2 under section 502 on behalf of low-income bor-
3 rowers receiving assistance under section
4 521(a)(1), \$1,802,500,000 for fiscal year 1995
5 and \$1,856,575,000 for fiscal year 1996.

6 “(B) For guaranteed loans under section
7 502(h) on behalf of low- and moderate-income
8 borrowers, \$772,500,000 for fiscal year 1995
9 and \$795,675,000 for fiscal year 1996.

10 “(C) For loans under section 504,
11 \$36,050,000 for fiscal year 1995 and
12 \$37,131,500 for fiscal year 1996.

13 “(D) For insured loans under section 514,
14 \$18,053,950 for fiscal year 1995 and
15 \$18,595,569 for fiscal year 1996.

16 “(E) For insured loans under section 515,
17 \$600,000,000 for fiscal year 1995 and
18 \$650,000,000 for fiscal year 1996.

19 “(F) For loans under section
20 523(b)(1)(B), \$1,000,000 for fiscal year 1995
21 and \$1,030,000 for fiscal year 1996.

22 “(G) For site loans under section 524,
23 \$1,000,000 for fiscal year 1995 and \$1,030,000
24 for fiscal year 1996.

1 “(2) LIMITATION ON USE.—Notwithstanding
2 any other provision of law, insured or guaranteed
3 loan authority in this title for any fiscal year shall
4 not be transferred or used for any purpose not speci-
5 fied in this title.”.

6 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
7 513(b) of the Housing Act of 1949 (42 U.S.C. 1483(b))
8 is amended to read as follows:

9 “(b) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated for fiscal years 1995
11 and 1996, and to remain available until expended, the fol-
12 lowing amounts:

13 “(1) For grants under section 502(c)(5)(C)(i),
14 \$10,000,000 for fiscal year 1995, and \$10,000,000
15 for fiscal year 1996.

16 “(2) For grants under section 504,
17 \$31,000,000 for fiscal year 1995 and \$31,930,000
18 for fiscal year 1996.

19 “(3) For purposes of section 509(c),
20 \$1,000,000 for fiscal year 1995 and \$1,030,000 for
21 fiscal year 1996.

22 “(4) For project preparation grants under sec-
23 tion 509(f)(6), \$5,688,278 for fiscal year 1995 and
24 \$5,858,926 for fiscal year 1996.

1 “(5) In fiscal years 1995 and 1996, such sums
2 as may be necessary to meet payments on notes or
3 other obligations issued by the Secretary under sec-
4 tion 511 equal to—

5 “(A) the aggregate of the contributions
6 made by the Secretary in the form of credits on
7 principal due on loans made pursuant to section
8 503; and

9 “(B) the interest due on a similar sum
10 represented by notes or other obligations issued
11 by the Secretary.

12 “(6) For grants for service coordinators under
13 section 515(y), \$1,073,260 for fiscal year 1995 and
14 \$1,105,458 for fiscal year 1996.

15 “(7) For financial assistance under section
16 516—

17 “(A) for low-rent housing and related fa-
18 cilities for domestic farm labor under sub-
19 sections (a) through (j) of such section,
20 \$15,000,000 for fiscal year 1995 and
21 \$18,000,000 for fiscal year 1996; and

22 “(B) for housing for rural homeless and
23 migrant farmworkers under subsection (k) of
24 such section, \$10,269,230 for fiscal year 1995
25 and \$11,407,307 for fiscal year 1996.

1 “(8) For grants under section 523(f),
2 \$14,918,314 for fiscal year 1995 and \$15,365,863
3 for fiscal year 1996.

4 “(9) For grants under section 533,
5 \$33,056,408 for fiscal year 1993 and \$34,048,100
6 for fiscal year 1994.

7 “(10) For grants under section 538,
8 \$10,000,000 for fiscal year 1995, which shall remain
9 available until the end of fiscal year 1997.

10 “(11) For assistance under section 539,
11 \$10,000,000 for fiscal year 1995 and \$12,000,000
12 for fiscal year 1996.”.

13 (c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—
14 Section 513(c) of the Housing Act of 1949 (42 U.S.C.
15 1483(c)(1)) is amended by striking “(c)” and all that fol-
16 lows through the end of paragraph (1) and inserting the
17 following:

18 “(c) RENTAL AND OPERATING ASSISTANCE.—

19 “(1) IN GENERAL.—The Secretary, to the ex-
20 tent approved in appropriations Acts for fiscal years
21 1995 and 1996, may enter into rental assistance
22 payment contracts under section 521(a)(2)(A) and
23 contracts for operating assistance under section
24 521(a)(5), aggregating \$454,079,620 for fiscal year
25 1995 and \$467,702,009 for fiscal year 1996.”.

1 (d) SUPPLEMENTAL RENTAL ASSISTANCE PAYMENT
2 CONTRACTS.—Section 513(d) of the Housing Act of 1949
3 (42 U.S.C. 1483(d)) is amended to read as follows:

4 “(d) SUPPLEMENTAL RENTAL ASSISTANCE CON-
5 TRACTS.—The Secretary, to the extent approved in appro-
6 priations Acts for fiscal years 1995 and 1996, may enter
7 into 5-year supplemental rental assistance contracts under
8 section 502(c)(5)(D) aggregating \$13,070,160 for fiscal
9 year 1995 and \$13,462,265 for fiscal year 1996.”.

10 (e) RURAL HOUSING VOUCHER AUTHORITY.—Sec-
11 tion 513(e) of the Housing Act of 1949 (42 U.S.C.
12 1483(e)) is amended to read as follows:

13 “(e) RURAL HOUSING VOUCHERS.—There are au-
14 thorized to be appropriated for rural housing vouchers
15 under section 542, \$100,000,000 for fiscal year 1995 and
16 \$100,000,000 for fiscal year 1996.”.

17 (f) RENTAL HOUSING LOAN AUTHORITY.—Section
18 515(b)(4) of the Housing Act of 1949 (42 U.S.C.
19 1485(b)(4)) is amended by striking “1991” and inserting
20 “1996”.

21 **SEC. 902. ELIGIBILITY OF NATIVE AMERICANS FOR RURAL**
22 **HOUSING PROGRAMS.**

23 Section 501(b)(6) of the Housing Act of 1949 (42
24 U.S.C. 1471(b)(6)) is amended by adding at the end the
25 following new sentence: “In any case in which assistance

1 made available under this title may be provided to a State
2 or State agency or in which a State or State agency is
3 eligible to participate in a program or activity under this
4 title, such assistance may also be provided to Indian tribes
5 and tribal agencies and Indian tribes and tribal agencies
6 shall be eligible to participate, respectively.”.

7 **SEC. 903. ESCROW FUND.**

8 Section 501(e) of the Housing Act of 1949 (42
9 U.S.C. 1471(e)) is amended by striking the third and
10 fourth sentences and inserting the following: “The Sec-
11 retary may establish in the United States Treasury an es-
12 crow fund for the deposit of such periodic payments. The
13 Secretary may direct the Secretary of the Treasury to in-
14 vest and reinvest amounts in the escrow fund in public
15 debt securities with maturities suitable for the needs of
16 the escrow fund and bearing interest at rates determined
17 by the Secretary of the Treasury, taking into consideration
18 the current average market yield on outstanding market-
19 able obligations of the United States of comparable matu-
20 rities. Any interest earned shall be credited to the escrow
21 fund. The Secretary shall disburse amounts at the appro-
22 priate time or times for the purposes for which the
23 amounts were escrowed in the fund. The interest rate to
24 be paid on escrowed amounts shall be determined annually
25 based on the interest earned less an amount not to exceed

1 1 percent which shall be used for expenses in carrying out
2 the provisions of this title.”.

3 **SEC. 904. SECTION 502 HOMEOWNERSHIP LOANS.**

4 (a) REMOTE RURAL AREAS.—Section 502(f) of the
5 Housing Act of 1949 (42 U.S.C. 1472(f)) is amended—

6 (1) by striking paragraph (1);

7 (2) by redesignating paragraph (2) as para-
8 graph (1); and

9 (3) by adding at the end the following new
10 paragraph:

11 “(2) SECURITY.—In making a loan under this
12 section for housing located in a rural area that is a
13 remote rural area (which shall include tribal allotted
14 or Indian trust land) where the borrower resides or
15 is employed, the Secretary shall consider the actual
16 replacement cost of the property and structure for
17 which the loan is made as adequate security for the
18 loan required under subsection (b).”.

19 (b) DEFERRED MORTGAGE DEMONSTRATION.—
20 Paragraphs (1) and (2) of section 502(g) of the Housing
21 Act of 1949 (42 U.S.C. 1472(g)) are amended to read
22 as follows:

23 “(1) AUTHORITY.—With respect to families or
24 persons otherwise eligible for assistance under sub-
25 section (d) but having incomes below the amount de-

1 terminated to qualify for a loan under this section, the
2 Secretary may defer mortgage payments beyond the
3 amount affordable at 1 percent interest, taking into
4 consideration income, taxes, and insurance. Deferred
5 amounts shall not exceed 25 percent of the amount
6 of the payment due at 1 percent interest and shall
7 be subject to recapture.

8 “(2) FUNDING.—Subject to approval in appro-
9 priations Acts, not more than 10 percent of the
10 amount approved for each of fiscal years 1993 and
11 1994 for loans under this section may be used to
12 carry out this subsection.”.

13 (c) PHASE-IN OF RENT INCREASES.—Section
14 502(c)(4)(B)(vi) of the Housing Act of 1949 (42 U.S.C.
15 1472(c)(4)(B)(vi)) is amended by inserting before the pe-
16 riod at the end the following: “, except that any such in-
17 crease in rents for current tenants (except for increases
18 made necessary by increases in operating costs) shall (I)
19 be phased in equally over a period of not less than 3 years,
20 if such increase is 30 percent or more, and (II) be limited
21 to not more than 10 percent per year if such increase is
22 more than 10 percent but less than 30 percent”.

1 **SEC. 905. DESIGNATION OF UNDERSERVED AREAS AND**
2 **RESERVATION OF ASSISTANCE.**

3 (a) REAUTHORIZATION AND SET-ASIDE.—Section
4 509(f)(4) of the Housing Act of 1949 (42 U.S.C.
5 1479(f)(4)) is amended—

6 (1) in subparagraph (A)—

7 (A) in the first sentence—

8 (i) by striking “5.0 percent in fiscal
9 years 1993 and 1994” and inserting “not
10 less than 5 percent or more than 10 per-
11 cent for each of fiscal years 1995 and
12 1996”; and

13 (ii) by striking “514, 515, and 524”
14 and inserting “and 515”; and

15 (B) in the second sentence, by striking
16 “sections 514 and 515” and inserting “section
17 515”; and

18 (2) in subparagraph (B)(ii), by striking “5 per-
19 cent” and inserting “10 percent”.

20 (b) 2-YEAR AND 3-YEAR DESIGNATIONS.—Section
21 509(f) of the Housing Act of 1949 (42 U.S.C. 1479(f))
22 is amended—

23 (1) in paragraph (1)—

24 (A) in the 1st sentence, by striking “in
25 each fiscal year”; and

1 (B) in the 2d sentence, by striking “year
2 in” and inserting “first year for”;

3 (2) in paragraph (2)—

4 (A) in the first sentence, by striking
5 “paragraph (4)” and inserting “paragraph
6 (5)”; and

7 (B) by striking the last sentence;

8 (3) in paragraph (3)(B), by striking “para-
9 graph (2)” and inserting “paragraph (3)”;

10 (4) in paragraph (4)(A), by striking “paragraph
11 (7)” and inserting “paragraph (8)”;

12 (5) by redesignating paragraphs (2) through
13 (8) as paragraphs (3) through (9), respectively; and

14 (6) by inserting after paragraph (1) the follow-
15 ing new paragraph:

16 “(2) TIMING AND DURATION OF DESIGNA-
17 TIONS.—

18 “(A) IN GENERAL.—Except as provided in
19 subparagraph (B), the Secretary shall redesign-
20 nate the targeted underserved areas under this
21 subsection once every 2 fiscal years and such
22 designations shall remain in effect for a period
23 of 2 fiscal years. The first such 2-year designa-
24 tion shall be made for fiscal years 1995 and
25 1996.

1 “(B) DESIGNATIONS FOR INDIAN AREAS.—

2 The Secretary shall ensure that, at all times,
3 not less than 5 counties or communities that
4 contain tribal allotted or Indian trust land are
5 included among the 100 counties and commu-
6 nities designated as targeted underserved areas.

7 The Secretary shall redesignate the counties or
8 communities designated as a targeted under-
9 served area in compliance with this subpara-
10 graph once every 3 fiscal years and such des-
11 ignations shall remain in effect for 3 fiscal
12 years. The first such 3-year designation shall be
13 made for fiscal years 1995 through 1997. Upon
14 designation, the Secretary shall specify any tar-
15 geted underserved area designated in compli-
16 ance with this subparagraph.”.

17 **SEC. 906. SECTION 515 RURAL RENTAL HOUSING.**

18 (a) LOAN TERM.—Section 515(a)(2) of the Housing
19 Act of 1949 (42 U.S.C. 1485(a)(2)) is amended by strik-
20 ing “fifty” and inserting “30”.

21 (b) EQUITY TAKEOUT.—Section 515(t) of the Hous-
22 ing Act of 1949 (42 U.S.C. 1485(t)) is amended by strik-
23 ing paragraphs (4) and (5) and redesignating paragraphs
24 (6), (7), and (8) as paragraphs (4), (5), and (6), respec-
25 tively.

1 (c) SET-ASIDE FOR NONPROFIT ENTITIES.—The
2 first sentence of section 515(w)(1) of the Housing Act of
3 1949 (42 U.S.C. 1485(w)(1)) is amended by striking “fis-
4 cal years 1994 and 1995” and inserting “fiscal years 1995
5 and 1996.”.

6 (d) AUTHORITY FOR SEQUENTIAL LOAN TRANSFERS
7 AND LIMITATION ON PROJECT TRANSFERS.—Section 515
8 of the Housing Act of 1949 (42 U.S.C. 1485) is amended
9 by inserting after subsection (g) the following new sub-
10 section:

11 “(h) LIMITATION ON TRANSFER OF PROJECTS.—Be-
12 ginning after the date of the enactment of the Housing
13 and Community Development Act of 1994, any interest
14 in the ownership of a project for which a loan is made
15 or insured under this section may be transferred only if
16 the Secretary determines that such transfer would be in
17 the best interests of the tenants of the housing for which
18 the loan was made or insured and of the Federal Govern-
19 ment.”.

20 (e) PREPAYMENT.—

21 (1) IN GENERAL.—Section 502(c)(1) of the
22 Housing Act of 1949 (42 U.S.C. 1472(c)(1)) is
23 amended by adding at the end the following:

24 “(C) Beginning after May 26, 1994, and prior to the
25 expiration of 2 years after the date of enactment of this

1 subparagraph, the Secretary may not accept an offer to
2 prepay, make an equity loan, transfer to a nonprofit orga-
3 nization, or request refinancing in accordance with sub-
4 section (b)(3) of, any loan made or insured under this sec-
5 tion pursuant to a contract entered into before the enact-
6 ment of the Department of Housing and Urban Develop-
7 ment Reform Act of 1989.”.

8 (2) APPROVAL OF ASSISTANCE.—Section
9 502(c)(4)(C) of the Housing Act of 1949 (42 U.S.C.
10 1472(c)(4)(C)) is amended by striking the matter
11 preceding clause (i) and inserting the following:

12 “(C) APPROVAL OF ASSISTANCE.—The Secretary
13 may approve assistance under subparagraph (B) only if
14 the restrictive period has expired for any loan made or
15 insured under section 514 or 515 of this title pursuant
16 to a contract entered into after December 21, 1979, but
17 before the date of enactment of the Department of Hous-
18 ing and Urban Development Reform Act of 1989, and the
19 Secretary determines that the combination of assistance
20 provided—”.

1 **SEC. 907. OPTIONAL CONVERSION OF RENTAL ASSISTANCE**
2 **PAYMENTS TO OPERATING SUBSIDY FOR MI-**
3 **GRANT FARMWORKER PROJECTS.**

4 (a) IN GENERAL.—Section 521(a) of the Housing
5 Act of 1949 (42 U.S.C. 1490a(a)) is amended by adding
6 at the end the following new paragraph:

7 “(5) OPERATING ASSISTANCE FOR MIGRANT FARM-
8 WORKER PROJECTS.—

9 “(A) AUTHORITY.—In the case of housing (and
10 related facilities) for migrant farmworkers provided
11 or assisted with a loan under section 514 or a grant
12 under section 516, the Secretary may, at the request
13 of the owner of the project, use amounts provided
14 for rental assistance payments under paragraph (2)
15 to provide assistance for the costs of operating the
16 project. Any project assisted under this paragraph
17 may not receive rental assistance under paragraph
18 (2).

19 “(B) AMOUNT.—In any fiscal year, the assist-
20 ance provided under this paragraph for any project
21 shall not exceed an amount equal to 90 percent of
22 the operating costs for the project for the year, as
23 determined by the Secretary. The amount of assist-
24 ance to be provided for a project under this para-
25 graph shall be an amount that makes units in the
26 project available to migrant farmworkers in the area

1 of the project at rates generally not exceeding 30
2 percent of the monthly adjusted incomes of such
3 farmworkers, based on the prevailing incomes of
4 such farmworkers in the area.

5 “(C) SUBMISSION OF INFORMATION.—The
6 owner of a project assisted under this paragraph
7 shall be required to provide to the Secretary, at least
8 annually, a budget of operating expenses and esti-
9 mated rental income, which the Secretary shall use
10 to determine the amount of assistance for the
11 project.

12 “(D) DEFINITIONS.—For purposes of this
13 paragraph, the following definitions shall apply:

14 “(i) The term ‘migrant farmworker’ shall
15 have the same meaning given the term in sec-
16 tion 516(k)(7).

17 “(ii) The term ‘operating cost’ means ex-
18 penses incurred in operating a project, includ-
19 ing expenses for—

20 “(I) administration, maintenance, re-
21 pair, and security of the project;

22 “(II) utilities, fuel, furnishings, and
23 equipment for the project; and

24 “(III) maintaining adequate reserve
25 funds for the project.”.

1 (b) CONFORMING AMENDMENTS.—Title V of the
2 Housing Act of 1949 (42 U.S.C. 1471 et seq.) is amend-
3 ed—

4 (1) in section 502—

5 (A) in subsection (c)(1)(A)(i), by striking
6 “or (a)(2)” and inserting “, (a)(2), or (5)”;

7 (B) in subsection (c)(4)(B)(ii), by inserting
8 before the period at the end the following: “, or
9 additional assistance or an increase in assist-
10 ance provided under section 521(a)(5)”;

11 (C) in subsection (c)(4)(B)(iii), by insert-
12 ing before the period at the end the following:
13 “, or current tenants of projects not assisted
14 under section 521(a)(5)”;

15 (D) in subsection (c)(5)(C)(iii)—

16 (i) by striking the second comma; and

17 (ii) by inserting “, or any assistance
18 payments received under section
19 521(a)(5),” before “with respect”;

20 (E) in subsection (c)(5)(D), by inserting
21 before the period at the end the following: “or,
22 in the case of housing assisted under section
23 521(a)(5), does not exceed the rents established
24 for the project under such section”;

1 (2) in the second sentence of section 509(f)(5)
2 (as redesignated by the preceding provisions of this
3 title), by striking “an amount of section 521 rental
4 assistance” and inserting “, from amounts available
5 for assistance under paragraphs (2) and (5) of sec-
6 tion 521(a), an amount”;

7 (3) in section 513(c)(2)—

8 (A) in the matter preceding subparagraph
9 (A), by inserting “or contracts for operating as-
10 sistance under section 521(a)(5)” after
11 “521(a)(2)(A)”;

12 (B) in subparagraph (A), by inserting “or
13 operating assistance contracts” after “con-
14 tracts”;

15 (C) in subparagraph (B), by striking
16 “rental” each place it appears; and

17 (D) in subparagraph (C), by inserting “or
18 operating assistance contracts” after “con-
19 tracts”;

20 (4) in section 521(a)(2)(B)—

21 (A) by inserting “or paragraph (5)” after
22 “this paragraph”; and

23 (B) by striking “which shall” and all that
24 follows through the period at the end and in-
25 serting the following: “. The budget (and the

1 income, in the case of a project assisted under
2 this paragraph) shall be used to determine the
3 amount of the assistance for each project.”;

4 (5) in section 521(c), by striking “subsection
5 (a)(2)” and inserting “subsections (a)(2) and
6 (a)(5)”;

7 (6) in section 521(e), by inserting after “recipi-
8 ent” the following: “or any tenant in a project as-
9 sisted under subsection (a)(5)”;

10 (7) in section 530, by striking “rental assist-
11 ance payments with respect to such project under
12 section 521(a)(2)(A)” and inserting “assistance pay-
13 ments with respect to such project under section
14 521(a)(2)(A) or 521(a)(5)”.

15 **SEC. 908. ELIGIBILITY OF MANUFACTURED HOME PARKS**
16 **FOR BUILDING SITE LOANS FOR COOPERA-**
17 **TIVES.**

18 The first sentence of section 524(a)(1) of the Hous-
19 ing Act of 1949 (42 U.S.C. 1490d(a)(1)) is amended by
20 inserting before the period at the end the following: “, and
21 for the acquisition and development of manufactured home
22 parks owned by nonprofit organizations for future owner-
23 ship by low- and moderate-income residents of the park”.

1 **SEC. 909. RURAL HOUSING REPORT.**

2 Not later than 180 days after the date of enactment
3 of this Act, the Secretary of Agriculture shall submit a
4 report to the Committee on Banking, Housing, and Urban
5 Affairs of the Senate and the Committee on Banking, Fi-
6 nance and Urban Affairs of the House of Representatives
7 on the rural rental housing program administered by the
8 Farmer's Home Administration under section 515 of the
9 Housing Act of 1949. Such report shall review and analyze
10 the programmatic and fiscal performance of the section
11 515 program, and shall address the criticisms of the pro-
12 gram detailed in the report entitled "A Report to the Com-
13 mittee on Appropriations, U. S. House of Representatives,
14 on the Practices and Procedures Regarding Certain Hous-
15 ing and Loan Assistance Programs Under the Farmer's
16 Home Administration".

17 **SEC. 910. PRIORITY FOR RURAL HOUSING VOUCHER AS-**
18 **SISTANCE.**

19 Section 542 of the Housing Act of 1949 (42 U.S.C.
20 1490r) is amended by adding at the end the following new
21 subsection:

22 "(c) PRIORITY.—

23 "(1) REQUIREMENT.—In providing assistance
24 under this section, the Secretary shall give pref-
25 erence to providing assistance for rental housing
26 that—

1 “(A) is financed or assisted with a loan,
2 guarantee, insurance, or other assistance pro-
3 vided under this title; and

4 “(B)(i) has a significant number of units,
5 as determined by the Secretary, that have been
6 vacant for extended periods; or

7 “(ii) is occupied by a significant number of
8 families, as determined by the Secretary, who
9 pay as rent for a unit in the housing an amount
10 exceeding 30 percent of the family’s monthly
11 adjusted income.

12 “(2) PROJECT-BASED ASSISTANCE.—To provide
13 assistance according to the preference under para-
14 graph (1), the Secretary may enter into contracts
15 with owners of housing described in paragraph (1)
16 to provide voucher assistance payments that are at-
17 tached to such housing on behalf of very low-income
18 families who reside in such housing.”.

19 **SEC. 911. NATIVE AMERICAN RURAL HOUSING CAPACITY**
20 **DEMONSTRATION PROGRAM.**

21 Title V of the Housing Act of 1949 is amended by
22 inserting after section 537 (42 U.S.C. 1490p–1) the fol-
23 lowing new section:

1 **“SEC. 538. RURAL HOUSING CAPACITY DEMONSTRATION**
2 **PROGRAM FOR NATIVE AMERICANS AND**
3 **ALASKAN NATIVES.**

4 “(a) **AUTHORITY.**—The Secretary shall carry out a
5 program under this section to demonstrate the effective-
6 ness of assisting Native Americans and Alaskan Natives
7 in underserved areas to apply for, obtain, and use housing
8 assistance under this title.

9 “(b) **GRANTS.**—Under the demonstration under this
10 section, the Secretary shall make grants to technical as-
11 sistance providers selected under subsection (f) to carry
12 out activities under subsection (c) with respect to tribes
13 selected under subsection (e) (and members of the tribes)
14 in the selected areas. Of the amounts provided to a tech-
15 nical assistance provider under a grant under this section,
16 40 percent shall be disbursed to the technical assistance
17 provider in fiscal year 1995, 30 percent shall be so dis-
18 bursed in fiscal year 1996, and 30 percent shall be so dis-
19 bursed in fiscal year 1997.

20 “(c) **USE OF ASSISTANCE.**—

21 “(1) **ELIGIBLE ACTIVITIES.**—Any amounts pro-
22 vided to a technical assistance provider under a
23 grant under this section shall be used by the tech-
24 nical assistance provider only—

25 “(A) to train individuals for employment
26 as local project coordinators under paragraph

(2), which shall include training regarding the availability, application for, and use of housing assistance under this title with respect to tribes and members of tribes;

“(B) to provide ongoing technical assistance and training to local project coordinators;

“(C) to provide assistance to the tribes selected under subsection (e) in the selected areas, or to Native American or Alaskan Native housing organizations serving such tribes, to employ local project coordinators trained pursuant to subparagraph (A); and

“(D) to establish a revolving fund to provide loans to tribes and members of tribes for customary and reasonable costs incurred in preparing and submitting applications for housing assistance under this title to be used in the selected areas (including costs of credit reports), except that not more than \$1,500 may be provided for the purpose under this subparagraph to any single tribe or Native American or Alaskan Native housing organization.

“(2) LOCAL PROJECT COORDINATOR.—For purposes of this section, a local project coordinator shall be an individual who—

1 “(A) is employed by a tribe selected under
2 subsection (e) in, or Native American or Alas-
3 kan Native housing organization serving, the
4 selected area;

5 “(B) provides advice and assistance to the
6 tribe or the tribes served by the organization
7 (and members of such tribes), regarding the
8 availability, application for, and use of housing
9 assistance under this title;

10 “(C) otherwise facilitates the use of such
11 assistance by the tribes and their members; and

12 “(D) assists the tribes and their members
13 in obtaining loans from the revolving fund es-
14 tablished under paragraph (1)(D).

15 “(d) TRIBAL CONTRIBUTIONS TO DEMONSTRATION
16 PROGRAM.—Each tribe selected under subsection (e) for
17 participation in the demonstration program under this
18 section shall enter into an agreement with the technical
19 assistance provider to provide in-kind or financial assist-
20 ance, in addition to amounts provided under this section,
21 for activities under the demonstration program, in an
22 amount determined by the tribe and the technical assist-
23 ance provider. The assistance provided pursuant to such
24 agreement may include assistance in the form of office

1 space, equipment, transportation, salary enhancement,
2 and fringe benefits, and other forms of assistance.

3 “(e) SELECTION OF TRIBES AND AREAS.—

4 “(1) ELIGIBILITY.—The Secretary shall provide
5 for the technical assistance providers receiving
6 grants under this section to select for participation
7 in the demonstration under this section not more
8 than a total of 15 tribes—

9 “(A) that are located in counties or
10 communities—

11 “(i) that are eligible for designation
12 as targeted underserved areas under sec-
13 tion 509(f); or

14 “(ii) that include tribal allotted or In-
15 dian trust land; and

16 “(B) that—

17 “(i) have agreed to participate in the
18 demonstration under this section by des-
19 ignating individuals for training as local
20 project coordinators under subsection (c);
21 or

22 “(ii) are located in a county or com-
23 munity within which is located a Native
24 American or Alaskan Native housing orga-

1 nization that has so agreed to participate
2 in the demonstration under this section.

3 “(2) CRITERIA FOR SELECTION.—Each tech-
4 nical assistance provider selecting tribes pursuant to
5 paragraph (1) shall make such selections according
6 to criteria that include—

7 “(A) the extent of substandard housing on
8 the reservation of the tribe;

9 “(B) the extent of the waiting list for
10 housing assistance under Federal housing pro-
11 grams in the community or community under
12 paragraph (1)(A);

13 “(C) the extent of interest in and willing-
14 ness to participate in the demonstration pro-
15 gram under this section for a 3-year period;
16 and

17 “(D) the extent of willingness to provide
18 in-kind or financial assistance in addition to
19 amounts provided under this section for activi-
20 ties under the demonstration program.

21 “(3) TREATMENT AS TARGETED UNDERSERVED
22 AREAS.—Notwithstanding the designation of coun-
23 ties and communities as targeted underserved areas
24 under section 509(f)(1) and the provisions of section
25 520, any selected area under this section shall be

1 considered a targeted underserved area for fiscal
2 years 1995, 1996, and 1997, for purposes of eligi-
3 bility for assistance with amounts reserved under
4 section 509(f)(4)(A).

5 “(f) SELECTION OF TECHNICAL ASSISTANCE PRO-
6 VIDERS.—

7 “(1) ELIGIBILITY.—The Secretary may make a
8 grant under this section only to a nonprofit organi-
9 zation having experience in providing training and
10 technical assistance regarding the use of housing as-
11 sistance under this title and in administering revolv-
12 ing loan funds for costs relating to housing assist-
13 ance programs under this title.

14 “(2) APPLICATION.—The Secretary shall pro-
15 vide for nonprofit organizations meeting the require-
16 ments under paragraph (1) to submit applications
17 for a grant under this section during a period of not
18 more than 45 days that begins upon publication of
19 the notice of funding availability under subsection
20 (i).

21 “(3) SELECTION.—Not more than 30 days
22 after expiration of such period, the Secretary shall
23 select, to receive grants under this section, 1 or
24 more nonprofit organizations submitting applications
25 that are—

1 “(A) capable of carrying out the duties of
2 technical assistance providers under this sec-
3 tion; and

4 “(B) knowledgeable and experienced re-
5 garding housing needs and issues of Native
6 Americans and Alaskan Natives and housing
7 assistance programs under this title; and

8 “(C) agree to comply with the provisions of
9 this section.

10 “(g) REPORTS.—

11 “(1) LOCAL PROJECT COORDINATORS.—Each
12 local project coordinator trained or assisted by a
13 technical assistance provider with amounts from a
14 grant under this section shall submit a report to the
15 technical assistance provider for each of fiscal years
16 1995 through 1997, regarding the activities of the
17 coordinator. The report shall be submitted not later
18 than 30 days after the conclusion of the fiscal year
19 for which the report is made.

20 “(2) TECHNICAL ASSISTANCE PROVIDERS.—
21 Each technical assistance provider receiving a grant
22 under this section shall submit a report to the Sec-
23 retary for each of fiscal years 1995 through 1997,
24 summarizing the information submitted under para-
25 graph (1) for the fiscal year and describing the ac-

1 tivities of the technical assistance provider under the
2 demonstration under this section during the fiscal
3 year. The report shall be submitted not later than
4 60 days after the conclusion of the fiscal year for
5 which the report is made.

6 “(3) SECRETARY.—The Secretary shall submit
7 a report to the Congress for each of fiscal years
8 1995 through 1997 describing the demonstration
9 under this section and the findings of the Secretary
10 as a result of the demonstration. The report shall be
11 submitted not later than 90 days after the conclu-
12 sion of the fiscal year for which the report is made.

13 “(h) DEFINITIONS.—For purposes of this section, the
14 following definitions shall apply:

15 “(1) ALASKAN NATIVE VILLAGE.—The term
16 ‘Alaskan Native Village’ has the same meaning given
17 the term ‘Native village’ in section 3 of the Alaska
18 Native Claims Settlement Act.

19 “(2) NATIVE AMERICAN OR ALASKAN NATIVE
20 HOUSING ORGANIZATION.—The term ‘Native Amer-
21 ican or Alaskan Native housing organization’ means
22 a nonprofit organization that primarily serves a tribe
23 or tribes, and includes Indian housing authorities
24 and other housing entities of a tribe.

1 “(3) NONPROFIT ORGANIZATION.—The term
2 ‘nonprofit organization’ means any private, nonprofit
3 organization that—

4 “(A) is organized or chartered under State,
5 tribal, or local laws;

6 “(B) has no part of its net earning inuring
7 to the benefit of any member, founder, contrib-
8 utor, or individual;

9 “(C) complies with standards of financial
10 accountability acceptable to the Secretary; and

11 “(D) through its articles of incorporation
12 or through resolution of the governing body of
13 a tribe, has among its purposes significant ac-
14 tivities related to the provision of decent hous-
15 ing that is affordable to low- and moderate-in-
16 come families.

17 “(4) SELECTED AREA.—The term ‘selected
18 area’ means, with respect to any tribe selected under
19 subsection (e), the county or community meeting the
20 requirements of subsection (e)(1) in which the tribe
21 selected is located.

22 “(5) TECHNICAL ASSISTANCE PROVIDER.—The
23 term ‘technical assistance provider’ means a non-
24 profit organization (including a tribe and an Indian

housing authority) that is selected under subsection (f) to receive a grant under this section.

“(6) **TRIBE.**—The term ‘tribe’ means any Indian tribe, band, group, or nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, that is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or was considered an eligible recipient under chapter 67 of title 31, prior to the repeal of such chapter.

“(i) **NOTICE OF FUNDING AVAILABILITY.**—

“(1) **PUBLICATION.**—The Secretary shall cause to be published in the Federal Register notice of the availability of any amounts made available for grants under this section. Such notice shall be published not later than the expiration of the 90-day period beginning on the date that amounts are appropriated to carry out this section.

“(2) **CONTENTS.**—The notice referred to in paragraph (1) shall—

“(A) describe the requirements for eligibility to receive a grant, the purposes of the grant, and the permissible uses of grant amounts;

1 “(B) contain an address to which requests
2 for additional information regarding the dem-
3 onstration under this section may be made; and

4 “(C) state the deadline established by the
5 Secretary pursuant to section (f)(2) for the sub-
6 mission of applications for a grant.”.

7 **SEC. 912. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

8 Title V of the Housing Act of 1949 (42 U.S.C. 1471
9 et seq.) is amended by inserting after section 538 (as
10 added by the preceding provisions of this title) the follow-
11 ing new section:

12 **“SEC. 539. RURAL COMMUNITY DEVELOPMENT INITIATIVE.**

13 “(a) IN GENERAL.—The Secretary is authorized to
14 provide assistance to develop the capacity and ability of
15 community development corporations, community housing
16 development organizations, and other nonprofit organiza-
17 tions to undertake community development and affordable
18 housing projects and programs in rural areas.

19 “(b) FORM OF ASSISTANCE.—Assistance under this
20 section may be used for—

21 “(1) training, education, support, and advice to
22 enhance the technical and administrative capabilities
23 of community development corporations, community
24 housing development organizations, and nonprofit
25 organizations in rural areas;

1 “(2) loans, grants, or predevelopment assistance
2 to community development corporations, community
3 housing development organizations, and nonprofit
4 organizations to carry out community development
5 and affordable housing activities that benefit low-in-
6 come families in rural areas; and

7 “(3) such other activities for rural areas as may
8 be determined by the Secretary.

9 “(c) MATCHING REQUIREMENT.—Assistance pro-
10 vided under this section shall be matched from private
11 sources in an amount equal to 1 times the amount made
12 available under this section.

13 “(d) IMPLEMENTATION.—The Secretary shall by no-
14 tice establish such requirements as may be necessary to
15 carry out the provisions of this section. The notice shall
16 take effect upon issuance.”.

17 **TITLE X—REGULATORY AND** 18 **MISCELLANEOUS PROGRAMS**

19 **SEC. 1001. OFHEO ASSESSMENT COLLECTION DATES.**

20 Section 1316(b) of the Housing and Community De-
21 velopment Act of 1992 (42 U.S.C. 4516(b)) is amended
22 by striking paragraph (2) and inserting the following:

23 “(2) TIMING OF PAYMENT.—The annual assess-
24 ment shall be payable on October 1 and April 1 of
25 each fiscal year.”.

1 **SEC. 1002. LEAD-BASED PAINT TECHNICAL ASSISTANCE**
2 **AMENDMENTS.**

3 The Residential Lead-Based Paint Hazard Reduction
4 Act of 1992 (42 U.S.C. 4851 et seq.) is amended—

5 (1) in section 1011(g)—

6 (A) in paragraph (1)—

7 (i) in the first sentence, by inserting
8 before the period the following: “by provid-
9 ing technical assistance either directly, or
10 indirectly under contract or otherwise”;
11 and

12 (ii) by striking the second sentence;
13 and

14 (B) by striking paragraph (2) and insert-
15 ing the following:

16 “(2) SET-ASIDE.—Of the total amount appro-
17 priated under subsection (p), there shall be set aside
18 to carry out this subsection \$5,000,000 for fiscal
19 year 1995 and \$5,000,000 for fiscal year 1996.”;

20 (2) in section 1052, by inserting “either di-
21 rectly, or indirectly under contract or otherwise,”
22 after “other Federal agencies,”;

23 (3) by striking section 1053 and inserting the
24 following:

1 **“SEC. 1053. OTHER RESEARCH AND ASSISTANCE ACTIVITIES.**
 2 **TIES.**

3 “The Secretary may use funding available to carry
 4 out this part to undertake, either directly, or indirectly
 5 under contract or otherwise, pursuant to title V of the
 6 Housing and Urban Development Act of 1970, such stud-
 7 ies, tests (including pilot tests of new or revised pro-
 8 grams), evaluations, demonstrations, education of the pub-
 9 lic, and preparation of training materials, as are consist-
 10 ent with the purposes of this Act.”; and

11 (4) by adding at the end the following new sec-
 12 tion:

13 **“SEC. 1054. AUTHORIZATION.**

14 “Of the total amount approved in appropriation Acts
 15 under section 1011(p), there shall be set aside to carry
 16 out this part \$10,000,000 for fiscal year 1995 and
 17 \$10,000,000 for fiscal year 1996.”.

18 **SEC. 1003. LEAD-BASED PAINT TARGET HOUSING HAZARD**
 19 **REDUCTION PROGRAM.**

20 Section 1011(p) of the Residential Lead-Based Paint
 21 Hazard Reduction Act of 1992 (42 U.S.C. 4852(p)) is
 22 amended to read as follows:

23 “(p) AUTHORIZATION OF APPROPRIATIONS.—There
 24 are authorized to be appropriated \$150,000,000 for fiscal
 25 year 1995 and \$150,000,000 for fiscal year 1996 to carry
 26 out this title.”.

1 **SEC. 1004. LEAD-BASED PAINT NOTIFICATION REQUIRE-**
2 **MENTS.**

3 (a) DISCLOSURE OF INFORMATION CONCERNING
4 LEAD UPON TRANSFER OF RESIDENTIAL PROPERTY.—
5 Section 1018(a)(1)(A) of the Residential Lead-Based
6 Paint Hazard Reduction Act of 1992 (42 U.S.C.
7 4852d(a)(1)(A)) is amended by inserting before the semi-
8 colon the following: “, which shall be made available in
9 English and Spanish versions, and if practicable, in other
10 languages as are spoken by a substantial number of the
11 residents, as determined by the Secretary and the Admin-
12 istrator”.

13 **SEC. 1005. HUD RESEARCH AND DEVELOPMENT.**

14 The second sentence of section 501 of the Housing
15 and Urban Development Act of 1970 (12 U.S.C. 1701z-
16 1) is amended to read as follows: “There are authorized
17 to be appropriated to carry out this title \$40,000,000 for
18 fiscal year 1995 and \$40,000,000 for fiscal year 1996.”.

19 **SEC. 1006. INDEMNIFICATION OF CONTRACTORS FOR IN-**
20 **TELLECTUAL PROPERTY RIGHTS DISPUTES.**

21 A recipient of Federal housing assistance may not use
22 such funds to indemnify contractors or subcontractors
23 against costs associated with litigating or settling disputes
24 concerning the infringement of intellectual property rights.

1 **SEC. 1007. FAIR HOUSING INITIATIVES PROGRAM AUTHOR-**
 2 **IZATION OF APPROPRIATIONS.**

3 Section 561(g) of the Housing and Community De-
 4 velopment Act of 1987 (42 U.S.C. 3616 note) is amended
 5 to read as follows:

6 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
 7 are authorized to be appropriated to remain available until
 8 expended to carry out the provisions of this section
 9 \$26,000,000 for fiscal year 1995 and \$26,000,000 for fis-
 10 cal year 1996. Amounts appropriated shall remain avail-
 11 able until expended.”.

12 **SEC. 1008. CIVIL MONEY PENALTIES FOR VIOLATIONS OF**
 13 **THE HOME MORTGAGE DISCLOSURE ACT BY**
 14 **NONSUPERVISED MORTGAGEES.**

15 Section 305 of the Home Mortgage Disclosure Act
 16 of 1975 (12 U.S.C. 2804) is amended—

17 (1) by striking subsection (b)(4); and

18 (2) by adding at the end the following new sub-
 19 section:

20 “(d) POWERS OF THE SECRETARY OF HOUSING AND
 21 URBAN DEVELOPMENT.—

22 “(1) IN GENERAL.—The Secretary of Housing
 23 and Urban Development (hereafter in this sub-
 24 section referred to as the ‘Secretary’) shall enforce
 25 compliance with the requirements imposed under

1 this title with regard to lending institutions not
2 named in subsection (b).

3 “(2) CIVIL MONEY PENALTIES.—Pursuant to
4 paragraph (1), the Secretary may impose a civil
5 money penalty for failure to comply with the require-
6 ments of this title.

7 “(3) AMOUNT OF PENALTY.—The amount of
8 the penalty, as determined by the Secretary, may
9 not exceed \$5,000 for each violation, except that the
10 maximum penalty for all violations by any particular
11 lending institution during any 1-year period shall
12 not exceed \$1,000,000.

13 “(4) VIOLATIONS FOR WHICH A PENALTY MAY
14 BE IMPOSED.—A civil money penalty may be im-
15 posed for the late submission of a report, failure to
16 submit a report, submission of an illegible report,
17 submission of an erroneous report, or failure to sub-
18 mit a corrected report for a report that was illegible
19 or erroneous.

20 “(5) AGENCY PROCEDURES.—

21 “(A) ESTABLISHMENT.—The Secretary
22 shall establish standards and procedures gov-
23 erning the imposition of civil money penalties
24 under this section. These standards and proce-
25 dures—

1 “(i) shall provide for the Secretary to
2 make the determination to impose the pen-
3 alty or to use an administrative entity
4 (such as the Mortgagee Review Board, es-
5 tablished pursuant to section 202(c) of the
6 National Housing Act) to make the deter-
7 mination;

8 “(ii) shall provide for the imposition
9 of a penalty only after the lending institu-
10 tion has been given an opportunity for a
11 hearing on the record; and

12 “(iii) may provide for review by the
13 Secretary of a determination or order, or
14 interlocutory ruling, arising from a hear-
15 ing.

16 “(B) FINAL ORDERS.—If a hearing is not
17 requested during the 15-day period beginning
18 on the date on which notice of opportunity for
19 hearing is received, the imposition of the pen-
20 alty shall constitute a final and unappealable
21 determination. If the Secretary reviews the de-
22 termination or order, the Secretary may affirm,
23 modify, or reverse that determination or order.
24 If the Secretary does not review the determina-
25 tion or order prior to the expiration of the 90-

1 day period beginning on the date of the issu-
2 ance of the determination or order, the deter-
3 mination or order shall be final.

4 “(C) FACTORS IN DETERMINING AMOUNT
5 OF PENALTY.—In determining the amount of a
6 penalty under this subsection, consideration
7 shall be given to such factors as the gravity of
8 the offense, any history of prior offenses, ability
9 to pay the penalty, deterrence of future viola-
10 tions, and such other factors as the Secretary
11 may determine to be appropriate.

12 “(D) NO REVIEW OF IMPOSITION OF PEN-
13 ALTY.—Except as provided in this subsection,
14 the Secretary’s determination or order imposing
15 a penalty under this subsection shall not be
16 subject to review.

17 “(6) JUDICIAL REVIEW OF AGENCY DETER-
18 MINATION.—

19 “(A) IN GENERAL.—After exhausting all
20 administrative remedies established by the Sec-
21 retary under this subsection, a lending institu-
22 tion against which the Secretary has imposed a
23 civil money penalty under this subsection may
24 obtain a review of the penalty as may be ad-
25 dressed in the notice of determination to impose

1 a penalty in the appropriate court of appeals of
2 the United States, by filing in such court, be-
3 fore the expiration of the 20-day period begin-
4 ning on the date of the entry of such order or
5 determination, a written petition praying that
6 the Secretary's determination or order be modi-
7 fied or set aside in whole or in part.

8 “(B) OBJECTIONS NOT RAISED IN HEAR-
9 ING.—The court shall not consider any objec-
10 tion that was not raised in the hearing con-
11 ducted pursuant to this subsection unless a
12 demonstration is made of extraordinary cir-
13 cumstances causing the failure to raise the ob-
14 jection. If any party demonstrates to the satis-
15 faction of the court that additional evidence not
16 presented at the hearing is material and that
17 there were reasonable grounds for the failure to
18 present such evidence at the hearing, the court
19 shall remand the matter to the Secretary for
20 consideration of the additional evidence.

21 “(C) SCOPE OF REVIEW.—The decisions,
22 findings, and determinations of the Secretary
23 shall be reviewed pursuant to section 706 of
24 title 5, United States Code.

1 “(D) ORDER TO PAY PENALTY.—Notwith-
2 standing any other provision of law, in any such
3 review, the court shall have the power to order
4 payment of the penalty imposed by the Sec-
5 retary.

6 “(7) ACTION TO COLLECT PENALTY.—If a lend-
7 ing institution fails to comply with the Secretary’s
8 determination or order imposing a civil money pen-
9 alty under this subsection, the Secretary may, after
10 the determination or order is no longer subject to re-
11 view as provided by this subsection, bring an action
12 in an appropriate United States district court to ob-
13 tain a monetary judgment against the lending insti-
14 tution. In any such action, the validity and appro-
15 priateness of the Secretary’s determination or order
16 imposing the penalty shall not be subject to review.
17 The monetary judgment may, in the court’s discre-
18 tion, include the attorneys fees and other expenses
19 incurred by the United States in connection with the
20 action.

21 “(8) SETTLEMENT BY SECRETARY.—The Sec-
22 retary may compromise, modify, or remit any civil
23 money penalty imposed under this subsection.

24 “(9) REGULATIONS.—The Secretary shall, by
25 interim rule published in the Federal Register, es-

1 tabish such requirements as may be necessary to
2 carry out this subsection. The Secretary shall issue
3 final regulations based on the interim rule after no-
4 tice and an opportunity for public comment.

5 “(10) DEPOSIT OF PENALTIES IN UNITED
6 STATES TREASURY.—All civil money penalties col-
7 lected under this subsection shall be deposited in the
8 Miscellaneous Receipts Account of the United States
9 Treasury.”.

10 **SEC. 1009. YOUTHBUILD.**

11 (a) IMPLEMENTATION GRANTS.—Section 454 of the
12 Cranston-Gonzalez National Affordable Housing Act (42
13 U.S.C. 12899c) is amended—

14 (1) in subsection (b)—

15 (A) in paragraph (2), by striking “Acquisi-
16 tion” and all that follows through “facilities”
17 and inserting the following: “acquisition, reha-
18 bilitation, or acquisition and rehabilitation of
19 vacant or underutilized community facilities tar-
20 geted to serving the needs of low- and mod-
21 erate-income people, or the new construction of
22 community facilities targeted to serving the
23 needs of low- and moderate-income people;”;

24 (B) by striking paragraph (6); and

1 (C) by designating paragraphs (7) and (8)
2 as paragraphs (6) and (7), respectively; and
3 (2) by striking subsection (e) and inserting the
4 following:

5 “(e) PRIORITY FOR APPLICANTS WHO OBTAIN 10
6 PERCENT OF THEIR TOTAL BUDGET FROM OTHER
7 SOURCES.—In awarding grants under this section, the
8 Secretary shall give priority to applicants to the extent
9 that they have succeeded in obtaining not less than 10
10 percent of their total budget for the Youthbuild program
11 from Federal, State, local, or private sources other than
12 assistance provided under this subtitle.”.

13 (b) ADDITIONAL PROGRAM REQUIREMENTS.—Sec-
14 tion 455(a) of the Cranston-Gonzalez National Affordable
15 Housing Act (42 U.S.C. 12899d(a)) is amended—

16 (1) in the material preceding paragraph (1), by
17 inserting “for costs such as construction, rehabilita-
18 tion, and acquisition” after “receiving assistance
19 under this subtitle”; and

20 (2) in paragraph (1)(A)—

21 (A) by striking “90” and inserting “80”;
22 and

23 (B) by striking “less than 60” and insert-
24 ing “that do not exceed 50”.

1 (c) MANAGEMENT AND TECHNICAL ASSISTANCE.—
2 Section 458 of the Cranston-Gonzalez National Affordable
3 Housing Act (42 U.S.C. 12899g) is amended—

4 (1) in subsection (d), by striking “(b) and (c)”
5 and inserting “(a), (b), and (c)”;

6 (2) by redesignating subsections (b) through (d)
7 as subsections (c) through (e), respectively; and

8 (3) by inserting after subsection (a) the follow-
9 ing new subsection:

10 “(b) DATA COLLECTION AND ANALYSIS.—The Sec-
11 retary shall collect and analyze information necessary to
12 assess the quality and effects of the Youthbuild Program,
13 and monitor Youthbuild programs receiving assistance
14 under this subtitle.”.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
16 402 of the Cranston-Gonzalez National Affordable Hous-
17 ing Act (42 U.S.C. 12870) is amended by striking sub-
18 section (b) and inserting the following:

19 “(b) YOUTHBUILD.—There are authorized to be ap-
20 propriated for activities authorized under subtitle D of
21 title IV \$100,000,000 for fiscal year 1995, and
22 \$100,000,000 for fiscal year 1996.”.

1 **SEC. 1010. NEIGHBORHOOD REINVESTMENT CORPORA-**
2 **TION.**

3 Section 608(a)(1) of the Neighborhood Reinvestment
4 Corporation Act (42 U.S.C. 8107(a)(1)) is amended by
5 striking the first sentence and inserting the following:
6 “There are authorized to be appropriated to the corpora-
7 tion to carry out this title \$38,667,000 for fiscal year
8 1995 and \$38,667,000 for fiscal year 1996.”.

9 **SEC. 1011. HUD SALARIES AND EXPENSES.**

10 Section 7(s)(1) of the Department of Housing and
11 Urban Development Act (42 U.S.C. 3535(s)(1)) is amend-
12 ed to read as follows:

13 “(s)(1) Notwithstanding any other provision of law,
14 there is authorized to be appropriated for salaries and ex-
15 penses to carry out the purposes of this section
16 \$1,000,773,000 for fiscal year 1995 and \$1,011,618,000
17 for fiscal year 1996.”.

18 **SEC. 1012. SECTION 23 PROJECT CONVERSION.**

19 (a) AUTHORIZATION.—Notwithstanding the terms of
20 contracts entered into pursuant to section 14(b)(2) of the
21 United States Housing Act of 1937, the Secretary is au-
22 thorized to enter into obligations to convert any assistance
23 contract from a leased housing contract under section 23
24 of such Act to a project-based assistance contract under
25 section 8 of such Act.

1 (b) LIMITATION.—The authorization set forth in sub-
 2 section (a) is conditioned on the repayment to the Sec-
 3 retary of all amounts received by the public housing agen-
 4 cy under the comprehensive improvement assistance pro-
 5 gram under section 14 of the United States Housing Act
 6 of 1937 for any project for which assistance will be con-
 7 verted subject to this section and the amounts, as deter-
 8 mined by the Secretary, received by the public housing
 9 agency under the formula in section 14(k) of such Act by
 10 reason of such project.

11 **SEC. 1013. CIVIL MONEY PENALTIES FOR IMPROPER PAR-**
 12 **TICIPATION IN THE ORIGINATION OF TITLE I**
 13 **LOANS.**

14 (a) AMENDMENT.—Section 2(b)(7) of the National
 15 Housing Act (12 U.S.C. 1703(b)(7)) is amended to read
 16 as follows:

17 “(7) CIVIL MONEY PENALTIES.—With respect
 18 to the financing of alterations, repairs, and improve-
 19 ments upon or in connection with existing structures
 20 or manufactured homes, the building of new struc-
 21 tures, or the purchase of manufactured homes or
 22 lots, as authorized under the first sentence of section
 23 2(a), any dealer or loan correspondent (as such
 24 terms are defined by the Secretary) that knowingly
 25 (as defined in section 536(g)) and materially—

1 “(A) submits false information; or

2 “(B) fails to submit information required
3 to be submitted to any financial institution or
4 to the Secretary;

5 shall be subject to a civil money penalty in the
6 amount and manner provided under section 536
7 with respect to mortgagees and lenders.”.

8 (b) APPLICABILITY OF AMENDMENT.—The amend-
9 ment made by subsection (a) shall apply only with respect
10 to—

11 (1) violations that occur on or after the date of
12 enactment of this Act; and

13 (2) in the case of a continuing violation (as de-
14 termined by the Secretary), any portion of the viola-
15 tion that occurs on or after such date of enactment.

16 **SEC. 1014. PUBLIC FACILITIES LOAN.**

17 The Secretary shall cancel the indebtedness of Lock-
18 port Township, Illinois, relating to the public facilities loan
19 for Project No. ILL-11-PFLO112. Lockport Township,
20 Illinois, is hereby relieved of all liability to the Federal
21 Government for the outstanding principal balance on such
22 loan, the amount of accrued interest on such loan, and
23 any other fees and charges payable in connection with
24 such loan.

1 **SEC. 1015. NATIONAL COMMISSION ON THE FUTURE OF**
2 **THE FEDERAL HOUSING ADMINISTRATION.**

3 (a) PURPOSE.—The purpose of this section is to es-
4 tablish a national commission which shall develop rec-
5 ommendations on—

6 (1) the appropriate future role of the Federal
7 Government in providing mortgage insurance;

8 (2) modernizing and improving the structure
9 and operations of the FHA;

10 (3) protecting the safety and soundness of the
11 insurance funds of the FHA; and

12 (4) increasing service to families currently un-
13 derserved by the mortgage finance system.

14 (b) ESTABLISHMENT.—There is hereby established a
15 commission to be known as the National Commission on
16 the Future of the Federal Housing Administration.

17 (c) MEMBERSHIP.—

18 (1) IN GENERAL.—The Commission shall con-
19 sist of the Secretary and 18 additional members,
20 who shall be appointed not later than 60 days after
21 amounts to carry out this section are made available
22 under subsection (h), in accordance with the follow-
23 ing:

24 (A) Four members shall be appointed by
25 the Chairman of the Committee on Banking,
26 Housing, and Urban Affairs of the Senate and

1 4 members shall be appointed by the Ranking
2 Minority Member of such Committee.

3 (B) Four members shall be appointed by
4 the Chairman of the Committee on Banking,
5 Finance and Urban Affairs of the House of
6 Representatives and 4 members shall be ap-
7 pointed by the Ranking Minority Member of
8 such Committee.

9 (C) Two members shall be appointed by
10 the Secretary.

11 (2) QUALIFICATIONS.—The 8 members of the
12 Commission appointed under subparagraphs (A) and
13 (B) of paragraph (1) shall include—

14 (A) 1 individual who represents the mort-
15 gage finance industry;

16 (B) 1 individual with knowledge and exper-
17 tise from a secondary mortgage market entity;

18 (C) 1 individual with knowledge and expe-
19 rience concerning home sales or single family
20 asset management;

21 (D) 1 individual who represents the private
22 mortgage insurance industry;

23 (E) 1 individual with knowledge and expe-
24 rience concerning multifamily housing asset
25 management;

1 (F) 1 individual who represents a State or
2 local housing agency active in single family or
3 multifamily housing activities;

4 (G) 1 individual who represents the inter-
5 ests of low-income homeowners, tenants, or
6 residents of urban or rural neighborhoods; and

7 (H) 1 individual who resides in an urban
8 or rural community whose residents are under-
9 served by the conventional housing finance sys-
10 tem.

11 (3) CHAIRPERSON.—The Secretary shall select
12 a chairperson from among members of the Commis-
13 sion.

14 (4) QUORUM.—A majority of the members of
15 the Commission shall constitute a quorum for the
16 transaction of business.

17 (5) VOTING.—Each member of the Commission
18 shall be entitled to 1 vote, and all votes shall be
19 given equal weight.

20 (6) VACANCIES.—Any vacancy on the Commis-
21 sion shall not affect the powers of the Commission
22 and shall be filled in the manner in which the origi-
23 nal appointment was made.

24 (7) PROHIBITION ON ADDITIONAL PAY.—Mem-
25 bers of the Commission shall serve without com-

1 pensation, but shall be reimbursed for travel, sub-
2 sistence, and other necessary expenses incurred in
3 the performance of their duties as members of the
4 Commission.

5 (d) SUBCOMMITTEES.—In carrying out its duties
6 under subsection (e), the Commission shall establish 2
7 subcommittees, 1 of which shall carry out such duties with
8 respect to issues relating to mortgage insurance for multi-
9 family housing and 1 of which shall carry out such duties
10 with respect to issues relating to mortgage insurance for
11 single family housing

12 (e) DUTIES.—

13 (1) IN GENERAL.—The Commission shall con-
14 duct a study of the existing operations of the FHA
15 and shall make recommendations regarding the fu-
16 ture mission, organization, responsibilities, and func-
17 tions of the FHA. In conducting the study and for-
18 mulating recommendations, the Commission shall—

19 (A) determine the most appropriate role
20 for the Federal Government in extending the
21 availability of mortgage credit and review var-
22 ious alternative mortgage products and, with
23 regard to the mission and functions of the
24 FHA, the appropriateness of the use of such
25 products by the FHA;

1 (B) determine whom FHA programs are
2 intended to serve;

3 (C) consider the appropriate relationship
4 between the FHA and the Government National
5 Mortgage Association, and private mortgage in-
6 surance and the Government-sponsored enter-
7 prises;

8 (D) compare and contrast the FHA with
9 the private marketplace with respect to the
10 quality, price, and variety of mortgages instru-
11 ments made available to consumers;

12 (E) consider the impact of the FHA on the
13 development of new mortgage products;

14 (F) consider whether the FHA could func-
15 tion more effectively if organized as a Govern-
16 ment corporation, a Government-sponsored en-
17 terprise, or with any other organizational struc-
18 ture different from the existing structure;

19 (G) consider whether the personnel, pro-
20 curement, budgeting, and other requirements
21 generally applicable to the Federal agencies
22 should be modified in their applicability to the
23 FHA;

24 (H) review the laws establishing and relat-
25 ing to the FHA and determine whether amend-

1 ment to such law would be appropriate to re-
2 structure the FHA, or to provide new authority
3 or increased flexibility for the operations of the
4 FHA;

5 (I) determine ways in which the FHA can
6 more effectively contribute to the revitalization
7 of inner-cities and increase housing opportuni-
8 ties for low-income families;

9 (J) determine ways to improve the man-
10 agement and sale of assets owned by the FHA;

11 (K) determine ways to reduce the risk of
12 future insurance losses from the existing inven-
13 tory of outstanding mortgages insured by the
14 FHA; and

15 (L) determine ways to improve the private
16 management of multifamily properties insured
17 by the FHA.

18 (2) REPORT.—Not later 12 months after the
19 date on which all members of the Commission are
20 appointed under subsection (c), the Commission
21 shall submit to the Secretary and to the Congress a
22 report containing—

23 (A) the information and evaluations speci-
24 fied in paragraph (1); and

1 (B) specific recommendations for legisla-
2 tive and administrative actions to carry out the
3 determinations made pursuant to paragraph
4 (1).

5 (f) POWERS.—

6 (1) HEARINGS.—The Commission may, for the
7 purpose of carrying out this section, hold such hear-
8 ings and sit and act at such times and places as the
9 Commission considers appropriate.

10 (2) RULES AND REGULATIONS.—The Commis-
11 sion may adopt such rules and regulations as may
12 be necessary to establish its procedures and to gov-
13 ern the manner of its operations, organization, and
14 personnel.

15 (3) ASSISTANCE FROM FEDERAL AGENCIES.—

16 (A) INFORMATION.—The Commission may
17 secure directly from any department or agency
18 of the United States such data and information
19 as the Commission may require for the purpose
20 of carrying out this section. Upon request of
21 the Commission, any such department or agen-
22 cy shall furnish such data or information. The
23 Commission may acquire data or information
24 directly from such departments or agencies to

1 the same extent that the Secretary may acquire
2 such data or information.

3 (B) ADMINISTRATIVE SUPPORT.—The
4 General Services Administration shall provide to
5 the Commission, on a reimbursable basis, ad-
6 ministrative support services requested by the
7 Commission.

8 (C) PERSONNEL DETAILS.—Upon the re-
9 quest of the chairperson of the Commission, the
10 Secretary shall, to the extent possible and sub-
11 ject to the discretion of the Secretary, detail
12 any of the personnel of the Department of
13 Housing and Urban Development, on a
14 nonreimbursable basis, to assist the Commis-
15 sion in carrying out its duties under this sec-
16 tion.

17 (4) MAILS.—The Commission may use the
18 United States mails in the same manner and under
19 the same conditions as other Federal agencies.

20 (5) CONTRACTING.—The Commission may, to
21 such extent and in such amounts as are provided in
22 appropriations Acts, enter into contracts necessary
23 to carry out its duties under this section.

1 (6) ADVISORY COMMITTEE.—The Commission
2 shall be considered an advisory committee within the
3 meaning of the Federal Advisory Committee Act.

4 (7) STAFF.—

5 (A) EXECUTIVE DIRECTOR.—The Commis-
6 sion shall appoint an executive director of the
7 Commission who shall be compensated at a rate
8 fixed by the Commission, but which may not ex-
9 ceed the rate established for level V of the Ex-
10 ecutive Schedule under title 5, United States
11 Code.

12 (B) PERSONNEL.—In addition to the exec-
13 utive director, the Commission may appoint and
14 fix the compensation of such personnel as the
15 Commission considers appropriate, in accord-
16 ance with the provisions of title 5, United
17 States Code, governing appointments in the
18 competitive service, and the provisions of chap-
19 ter 51 and subchapter III of chapter 53 of such
20 title, relating to classification and General
21 Schedule pay rates.

22 (C) LIMITATION.—This paragraph shall be
23 effective only to the extent that amounts are
24 made available in appropriations Acts.

25 (g) DEFINITIONS.—For purposes of this section—

1 (1) the term “Commission” means the National
 2 Commission on the Future of the Federal Housing
 3 Administration established under this section; and

4 (2) the term “FHA” means the Federal Hous-
 5 ing Administration of the Department of Housing
 6 and Urban Development.

7 (h) FUNDING.—Of any amounts appropriated pursu-
 8 ant to section 501 of the Housing and Urban Development
 9 Act of 1970, the Secretary shall set aside to carry out
 10 this section \$1,000,000 for fiscal year 1995. Any amounts
 11 made available pursuant to this subsection shall remain
 12 available until expended.

13 (i) SUNSET.—The Commission shall terminate 12
 14 months after the date on which all of the members of the
 15 Commission are appointed under subsection (c).

S 2281 PCS—2

S 2281 PCS—3

S 2281 PCS—4

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S 2281 PCS—7

S 2281 PCS—8

S 2281 PCS—9

S 2281 PCS—10

S 2281 PCS—11

S 2281 PCS—12
S 2281 PCS—13
S 2281 PCS—14
S 2281 PCS—15
S 2281 PCS—16
S 2281 PCS—17
S 2281 PCS—18
S 2281 PCS—19
S 2281 PCS—20
S 2281 PCS—21
S 2281 PCS—22
S 2281 PCS—23
S 2281 PCS—24
S 2281 PCS—25
S 2281 PCS—26